Department of Commerce
Innovation is in our nature.

Washington State

2010-2014 Consolidated Plan

Part I: 2010-2014 Strategic Plan

November 2009

Rogers Weed, Director

2010-2014 Consolidated Plan Development Team

Washington State Department of Commerce
Rogers Weed, Director

Housing Division
Will Graham, Assistant Director
Doug Hunter, HOME Program Manager
Kathy Giglio, ESG Program Manager
Mollie Gaspar, HOPWA Program Manager
Karma Shannon, Administrative Support

Local Government Division
Karen Larkin, Assistant Director
Bill Cole, Managing Director, Community Development Programs Unit
Clare Billings, Managing Director, Contracts Administration Unit
Kaaren Roe, CDBG Program Lead
Janea Eddy, Administrative Assistant

International Trade and Economic Development Division
Larry Williams, Assistant Director
Steve Saylor, Grant & Loan Services

Commerce Research Services
Jaime Kaszynski, Project Lead
Alice Zillah, Project Assistant
David Elliott, Project Assistant
Lea Mitchell, Project Assistant
Steve Salmi, Research Services Program Manager

The Washington State Department of Commerce extends its thanks to the many stakeholders who participated in the consolidated planning process, including staff at other state agencies, local government officials, nonprofit and advocacy organizations, businesses and individual citizens.

To obtain this report in an alternate format:
360/725-2895 or TTY/TDD 800/634-4473 or FAX 360/586-7176

For further information:
Kaaren Roe
360/725-3018 or kaaren.roe@commerce.wa.gov
Washington State Department of Commerce
P.O. Box 42525, Olympia, Washington, 98504-2525

TABLE OF CONTENTS

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The consolidated plan is a five-year planning document required by the U.S. Department of Housing and Urban Development (HUD) to be submitted by all jurisdictions that directly receive HUD formula funds.

The Washington State Department of Commerce (formerly the Department of Community, Trade and Economic Development) is the lead agency responsible for developing and implementing the 2010-2014 Consolidated Plan for Washington State.

The mission of the Department of Commerce is to grow and improve jobs in Washington State.

Purpose of the 2010-2014 Consolidated Plan

The Consolidated Plan identifies affordable housing, community and economic development needs, and determines priorities, strategic goals and allocation of resources for programs funded by HUD and administered by the state, namely:

- HOME Investment Partnerships (HOME)
- Emergency Shelter Grants (ESG)
- Housing Opportunities for Persons with AIDS (HOPWA)
- Community Development Block Grants (CDBG)

HUD Statutory Program Goals

The 2010-2014 Consolidated Plan was developed to be consistent with and support the HUD goals identified in Title 1 of the Housing and Community Development Act of 1974 (as amended):

- Decent housing
- A suitable living environment
- Expanded economic opportunity

All program activities and strategies discussed in the 2010-2014 Consolidated Plan are designed to further these goals and address the most critical affordable housing and community development needs of Washington State.

Structure of the 2010-2014 Consolidated Plan

The required elements of the consolidated plan include:

- An assessment of housing and community development needs for the ensuing five-year period;
- An analysis of the state's housing markets;

- A discussion of the state's strategies, priority needs and objectives for housing and community development activities; and
- An action plan describing the state's method for distributing 2010 HUD funds to carry out activities in support of the state's strategic plan. (See Part II: 2010 Action Plan)

Readers familiar with past Washington State consolidated plans will notice a difference in how the 2010-2014 Consolidated Plan is organized. It was developed using the Consolidated Plan Management Process tool (CPMP), a HUD-produced template for use by state and local jurisdictions to facilitate the planning process and ensure all planning requirements are met. Using the CPMP tool reduces the cost of developing a consolidated plan, ensuring funds are spent on program activities rather than administration to the greatest extent possible.

The plan's structure is based on the narrative template included in the CPMP tool, which contains the following sections:

- General
- Housing
- Homeless
- Non-homeless special needs
- Community development

Each section begins with a cover page listing the topics included in the section. Within each topic are prompts provided by HUD that include references to the corresponding section of the Consolidated Plan Final Rule, 24 CFR Part 91. HUD prompts are presented on their own pages, *italicized and colored blue*. Responses from the Department of Commerce follow each prompt.

A bibliography of references and a table showing data sources for the tables and figures in the 2010-2014 Consolidated Plan is provided in Appendix 3. Wherever possible, sources have been hyperlinked. Links appear as blue, underlined text. (For example, in the previous paragraph, "Consolidated Plan Final Rule, 24 CFR Part 91" is a hyperlink.) Readers are encouraged to access these links for additional information, and copies of all references listed in the bibliography are available upon request.

Consolidated Planning Process

Participation from citizens, agencies, advocacy groups, nonprofit organizations, businesses and others concerned with housing and community development in Washington State was encouraged throughout the planning process. Highlights of the process of developing the 2010-2014 Consolidated Plan included:

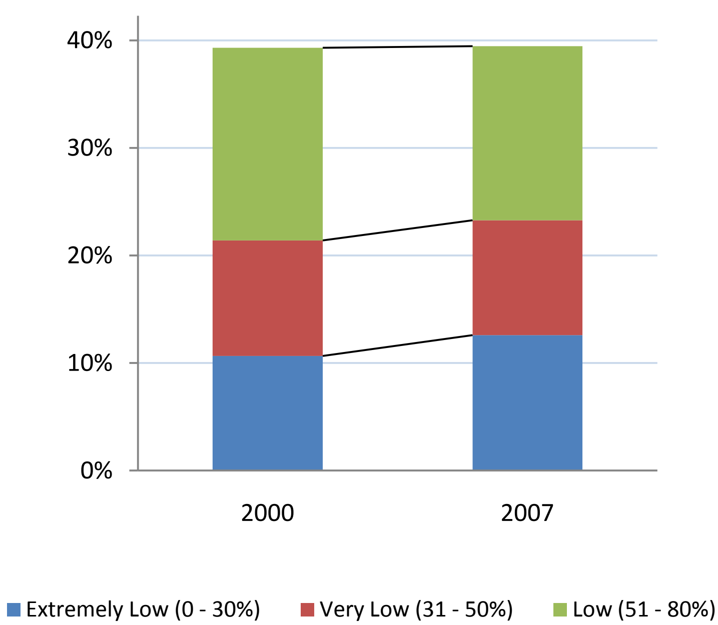
- Updating data on affordable housing and community development needs;

- Reviewing studies, reports and strategic plans related to affordable housing and community/economic development recently published by state agencies, local governments and nonprofit organizations;
- Surveying affordable housing stakeholders including community action agencies, fair housing agencies, advocacy groups, nonprofit organizations and for-profit housing developers to determine priority housing needs;
- Surveying local governments eligible for state CDBG program funding to determine priority community and economic development needs;
- Participating in Department of Commerce regional meetings related to the agency's new mission of growing and improving jobs in Washington state;
- Presenting information on the Consolidated Plan and hearing feedback at CDBG application workshops;
- Holding public hearings in Olympia on July 8 and 23, 2009; and
- Conducting a 30-day public comment period from September 23 through October 22, 2009.

Overview: Housing

Washington's population grew by more than 13 percent since 2000, and now stands at over 6,668,200 persons. Significant migration over the last ten years contributed to a booming housing market and median home prices nearly doubled between 2000 and 2007. The recent collapse of the housing "bubble" and resulting financial turmoil have resulted in increased unemployment, foreclosure and poverty rates in Washington over the last two years.

Figure A: Low-Income Households, 2000-2007



While the overall percentage of low-income households has remained fairly steady since 2000, the estimated number of "extremely low-income" households (below 30 percent of state median income) has increased from 10.7 percent in 2000 to 12.6 percent in 2007 as shown in Figure A. Although all low-income households face difficulties in finding affordable housing, difficulties are greatest for households with very low- and extremely low-incomes.

Cost Burden

Recent data show that 45 percent of renter households and 32 percent of owner households are "cost-burdened," meaning they pay more than 30 percent of their income for housing and utilities. Washington's poorest families are the hardest hit: 83 percent of households earning less than $20,000 per year, and 59 percent of those earning between $20,000 and $34,999 per year are cost-burdened, as shown in Table I.

Table I: Cost Burdened Household by Income Range, 2005-2007

Percentage of Cost Burdened Households by Income Range	Renter Households	Owner Households	Overall Households
Less than $20,000	235,732	132,960	368,399
% cost burdened	87%	73%	83%
$20,000 to $34,999	185,522	186,468	370,872
% cost burdened	66%	51%	59%
$35,000 to $49,999	142,120	215,654	358,509
% cost burdened	28%	47%	40%
$50,000 to $74,999	132,759	353,478	484,605
% cost burdened	10%	36%	29%
$75,000 or more	107,228	728,036	835,697
% cost burdened	2%	13%	12%
Overall	851,017	1,621,460	2,472,477
% cost burdened	45%	32%	37%

While it is difficult to make forecasts during periods of economic turmoil, data suggest that an additional 150,000 households in Washington will be cost-burdened by 2015. Please see the Housing Needs section of the 2010-2014 Consolidated Plan for additional detail.

Key Housing Findings

- Washington's homeowner rate declined to 65.6 percent and will likely fall further as more homeowners face foreclosure.
- Forty-five percent of renter households (380,000) and 32 percent of owner households (518,000) are cost-burdened, meaning they pay more than 30 percent of their income for housing and utilities, and an additional 150,000 households are likely to be cost-burdened by 2015.
- Over 75 percent of households that are "severely cost-burdened" (meaning they pay more than half of their income for housing) are very low- or extremely low-income (earning less than 50 percent of median income).
- 62 percent of severely cost-burdened households are renters.

- 22,827 persons were counted as homeless in the 2009 "point-in-time count," the highest number since the count began in 2006.
- The number of "chronically homeless" persons declined in 2009 compared to past years.

Key Strategies

- Target HOME program funding to very low- or extremely low-income renter households (earning less than 50 percent of median income).
- Reduce the housing cost-burden on very low-income, extremely low-income and special needs households by directing resources to activities that provide housing subsidies.
- Prioritize HOME Tenant-Based Rental Assistance (TBRA) for homeless persons and to very low- or extremely low-income persons at risk of becoming homeless.
- Create and/or preserve additional permanent and/or transitional housing for homeless and special needs persons using HOME General Purpose (GP) Program funding.
- Increase opportunities available to people who are homeless, particularly the chronically homeless, to achieve stable, affordable housing.

Overview: Community Development

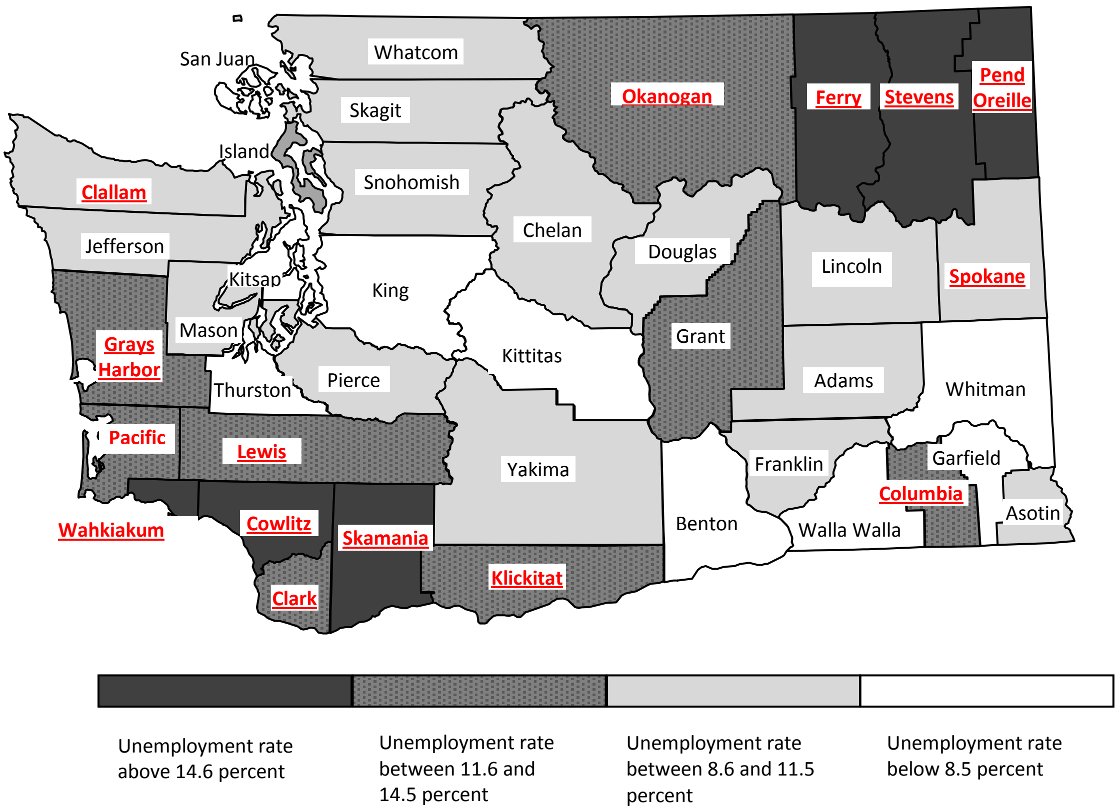
The economic crisis has taken a toll on local communities as well as on individual families. Jurisdictions, and the state as a whole, face declining revenues at a time when the need for public services, infrastructure, community facilities, economic development and strategic planning is greater than ever. As revenue declines, local capacity to meet these needs is weakened. Washington's smallest communities, including many of those served by the state CDBG program, are facing the worst of the crisis.

Unemployment

Washington's unemployment rate rose to 9.1 percent in May, 2009, from 5.3 percent the year before. Of the 20 counties with the highest unemployment rates, 18 are served by the state CDBG program. As of May, 2009, the unemployment rate was over 13 percent in most of these counties.

Figure B *(next page)* shows unemployment rate by county as of May, 2009. Shaded counties were economically distressed in May, 2009, meaning that the unemployment rate was above 8.5 percent. Counties in red and underlined have been economically distressed for the past three years.

Figure B: Unemployment Rates by County, May 2009



Infrastructure

Even before the current crisis hit, community development needs in Washington were not being adequately met. A recent study found a funding gap of over $7.5 billion for water, sewer, stormwater and transportation infrastructure in local communities, as show in Table II. Please see the Community Development Needs section for additional detail.

Table II: Unmet Local Infrastructure Funding Need, 2004-2009

Local Infrastructure Funding, 2004 – 2009 (Dollars in Billions)	Funding Needs	Expenditures	Funding Gap	Percent Funding Gap
Domestic Water	$1.58	$0.98	**$0.60**	**38%**
Sanitary Sewer	$3.36	$2.80	**$0.56**	**17%**
Roads/Bridges/Storm Sewer	$11	$4.22	**$6.42**	**60%**
Total	**$15.94**	**$8.00**	**$7.58**	**48%**

Key Community Development Findings

- Of the 20 counties with the highest unemployment rates in Washington, 18 are served by the state CDBG program.
- Local communities are experiencing revenue declines that severely limit their capacity to fund community and economic development activities.
- Local communities faced a $7.5 billion infrastructure financing gap, even before the worst of the current economic crisis.
- A survey of non-entitlement jurisdictions identified infrastructure as the highest priority for state CDBG program funding.
- Long-term shifts to Washington's economy particularly impact rural communities.
- A recent study showed that microenterprises (businesses employing five or fewer persons) employ over 20 percent of the workforce in rural areas.

Key Strategies

- Prioritize infrastructure funding for sewer and water systems and transportation facilities that primarily benefit low- to moderate-income people.
- Support economic development activities that directly result in job creation, including infrastructure projects and revolving loan funds.
- Focus on funding microenterprise loan programs in rural areas.
- Work with partners to assess funding for public services activities.
- Encourage and support jurisdictions that engage in strategic planning, particularly planning to address fair housing disparity or to address public health and safety when required by a regulatory agency.

Outcome Objectives

Program activities must further the HUD goal of developing viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities for low- and moderate income persons. HUD regulations also establish three objectives: sustainability, affordability and availability/accessibility. An outcome must meet at least one national goal and objective.

Local governments are responsible for prioritizing projects to meet the greatest need in their communities and applying for funding from the HOME, ESG, HOPWA and CDBG programs. Therefore, actual program outcomes over the long term depend on the types of projects local governments propose.

Outcome objectives are projections based on estimated outcomes for 2010 as described in the 2010 Action Plan for the HOME, ESG, HOPWA and CDBG programs, and were developed from a review of projects funded during past years.

Affordable Housing

Table III estimates affordable housing outcomes during the 2010-2014 Consolidated Plan period. For additional information, please see the 2010 Action Plan.

Table III: Housing Outcome Objectives, 2010-2014

National Goal and Objective	Expected Outcomes by Program, 2010-2014	Description
Decent Housing		
Affordability, Sustainability & Availability/accessibility	**HOME GP:** 375 households	Support access to affordable and special needs housing in collaboration with the Housing Trust Fund and other funders
Availability/accessibility	**CDBG:** 375 households	Support access to affordable and special needs housing in collaboration with the Housing Trust Fund
Sustainability	**CDBG:** 125 households	Maintain housing stock by rehabilitating single family occupancy housing
Affordability	**TBRA:** 6,000 households **HOPWA:** 1,670 households	Create/preserve affordable housing and provide rental assistance
Suitable Living Environment		
Availability/accessibility	**ESG:** 100,000 persons	Provide emergency shelter and services

Community Development

Table IV estimates non-housing community and economic development outcomes for the CDBG program during the 2010-2014 Consolidated Plan period. For additional information, please see the 2010 Action Plan.

Table IV: Community Development Outcome Objectives, 2010-2014

National Goal and Objective	Expected Outcomes, 2010-2014	Description
Suitable Living Environment		
Availability/accessibility	250,000 persons	Access to new or expansion of existing water, sewer, and street systems
Availability/accessibility	1 million persons	Increase access to new or expanded services by funding community facilities and direct services
Sustainability	500,000 households	Improvements and repairs to existing water, sewer, and street systems
Expand Economic Opportunity		
Availability/accessibility	400 jobs	Fund new or expanded infrastructure in support of economic development or microenterprise assistance to create/retain jobs
Sustainability	135 jobs	Fund infrastructure improvements in support of economic development, including loans to eligible private businesses to create/retain jobs

SECTION 1: GENERAL

General Questions
Managing the Process
Citizen Participation
Institutional Structure
Monitoring
Priority Needs Analysis and Strategies
Lead-based Paint
Antipoverty Strategy

General Questions

1. *Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed.*

2. *Describe the basis for allocating investments geographically within the jurisdiction (91.315(a)(1)) and the basis for assigning the priority (including the relative priority, where required) given to each category of priority needs (91.315(a)(2)). Where appropriate, the jurisdiction should estimate the percentage of funds the jurisdiction plans to dedicate to target areas.*

3. *Identify any obstacles to meeting underserved needs (91.315(a)(3)).*

Geographic Areas of Jurisdiction

The geographic distinction determining allocation of HOME, ESG, HOPWA and CDBG program funds is between the state's major urban centers and the smaller cities, counties and rural areas of Washington. Major urban centers are funded for one or more programs directly by HUD, while smaller cities, counties and rural areas are funded through the Washington State Department of Commerce.

Major Urban Centers

Major urban centers receive direct HUD assistance as "participating jurisdictions" for the HOME program, "formula jurisdictions" for the ESG and HOPWA programs, and/or "entitlement jurisdictions" for the CDBG program. Major urban centers, especially the Seattle-Tacoma metropolitan area, often employ experienced housing and community development staff. These communities also benefit from experienced nonprofit housing developers and advocates, who are able to raise local funding and develop innovative projects and programs.

Table 1 shows which jurisdictions were funded directly by HUD in 2009. These communities are generally not eligible for additional funding for the same program through the Washington State Department of Commerce.

Table 1: Jurisdictions Funded Directly by HUD, 2009

Jurisdictions Funded Directly by HUD	CDBG	HOME	ESG	HOPWA
Anacortes	•			
Auburn	•			
Bellevue	•			
Bellingham	•	•		
Bremerton	•			
Clark Co.	•	•		
Everett	•			
Federal Way	•			
Kennewick	•			
Kent	•			
King Co.	•	•	•	
Kitsap Co.	•	•		
Lakewood	•			
Longview	•	•		
Mount Vernon	•			
Olympia	•			
Pasco	•			
Pierce Co.	•	•	•	
Renton	•			
Richland	•	•		
Seattle	•	•	•	•
Shoreline	•			
Snohomish Co.	•	•	•	
Spokane	•	•	•	
Spokane Co.	•	•		
Tacoma	•	•	•	
Thurston Co.		•		
Vancouver	•	•		
Wenatchee	•			
Yakima	•	•		

Smaller Cities, Counties and Rural Areas

HOME, ESG, HOPWA and CDBG programs funds distributed by the Department of Commerce are allocated to smaller cities, counties and rural areas of the state, with some limited funding also available for capacity building. Funding for affordable housing and community development in smaller jurisdictions will be made available by:

- Prioritizing HOME Tenant-Based Rental Assistance (TBRA) funds to areas of the state not receiving other HOME funds.
- Using state CDBG funds in non-entitlement jurisdictions (cities and towns with less than 50,000 populations or counties with less than 200,000 populations, unless the jurisdiction belongs to a HUD Urban County Consortium).

- Distributing ESG in areas not directly allocated ESG funds by HUD.
- Using all state HOPWA funds in jurisdictions other than Seattle (which is directly allocated HOPWA funds by HUD).

Proportion of Overall HUD Assistance Distributed by the Department of Commerce

In 2009 Washington state as a whole received over $100 million in HUD funds for all four programs combined as shown in Table 2. Of this total, $72 million went directly to larger jurisdictions and $29 million was allocated to smaller communities by the Department of Commerce. The distribution of funds is tied to population, so urban and rural areas receive about the same level of funding per capita.

Table 2: Distribution of HUD Funds in 2009

Distribution of HUD Funds in 2009	CDBG	HOME	ESG	HOPWA	Total
Communities funded directly by HUD	$45,378,284	$23,316,271	$1,296,231	$1,705,852	$71,696,638
% of total assistance	75%	67%	48%	72%	71%
Communities funded through Department of Commerce	$15,479,447	$11,401,291	$1,378,357	$671,553	$28,930,648
% of total assistance	25%	33%	52%	28%	29%
Total Assistance	**$60,857,731**	**$34,717,562**	**$2,674,588**	**$2,377,405**	**$100,627,286**

Targeting Funding

Aside from the distinction between communities that receive funding directly from HUD and the rest of the state, the Department of Commerce does not set aside funds for particular regions. While some geographic areas may have lower overall need than others, every area may have acute and urgent problems that require assistance. Open funding programs using competitive criteria to award funds serve the state best by allowing each community to organize and develop those projects that best meet local needs. To ensure that funds serve communities across the state some programs, including CDBG, limit communities to one application per category of grant per cycle.

Please see the demographic portion of the Housing Needs section for information about geographic concentrations of low-income and racial/ethnic minority households.

Managing the Process (91.300 (b))

1. *Lead Agency. Identify the lead agency or entity for overseeing the development of the plan and the major public and private agencies responsible for administering programs covered by the consolidated plan.*

2. *Identify the significant aspects of the process by which the plan was developed, and the agencies, groups, organizations, and others who participated in the process.*

3. *Describe the jurisdiction's consultations with housing, social service agencies, and other entities, including those focusing on services to children, elderly persons, persons with disabilities, persons with HIV/AIDS and their families, and homeless persons.*

LEAD AGENCY RESPONSIBLE FOR DEVELOPING THE CONSOLIDATED PLAN

The Washington State Department of Commerce (formerly the Department of Community, Trade and Economic Development) is the state agency responsible for overseeing the development and implementation of the 2010- 2014 Consolidated Plan.

Additional information about the Department of Commerce, including the organizational structure for administering the HOME, CDBG, ESG and HOPWA programs, is provided in the Institutional Structure section of this plan. This section also describes partnerships between the Department of Commerce and other public and private agencies through which the Consolidated Plan is administered.

PROCESS OF DEVELOPING THE CONSOLIDATED PLAN

Participation from citizens, agencies, advocacy groups, nonprofit organizations, businesses and others concerned with housing and community development in Washington was encouraged throughout the planning process. Highlights of the process of developing the 2010-2014 Consolidated Plan included:

- Updating data on affordable housing and community development needs, assisted by the Research Services unit of the Department of Commerce;
- Reviewing studies, reports and strategic plans related to affordable housing and community/economic development that were recently published by state agencies, local governments and nonprofit organizations;
- Surveying affordable housing stakeholders including community action agencies, fair housing agencies, advocacy groups, nonprofit organizations and for-profit housing developers to determine priority housing needs;
- Surveying local government jurisdictions that are eligible for state CDBG program funding to determine priority community and economic development needs;
- Participating in Department of Commerce regional meetings related to the agency's new mission of growing and improving jobs in Washington state;
- Presenting information on the Consolidated Plan and hearing feedback at CDBG application workshops;
- Holding public hearings in Olympia from 10 a.m. to 12 p.m. on July 8, 2009, and from 1 p.m. to 3 p.m. on July 23, 2009; and
- Conducting a 30 day public comment period from September 23, 2009 through October 22, 2009.

CONSULTATION

The following governmental and nonprofit organizations were consulted on priority housing and community development needs in Washington through surveys, reviews of published studies, reports and plans, follow-up conversations to gather additional data, and/or requests to review relevant portions of the draft 2010-2014 Consolidated Plan during the public comment period.

State and Federal Agencies
Washington State Department of Archeology and Historic Preservation
Washington State Department of Corrections
Washington State Department of Ecology
Washington State Department of Health
Washington State Department of Social and Health Services
Washington State Department of Transportation
Washington State Housing Finance Commission
Washington State Office of Financial Management
Washington State Public Works Board
US Department of Agriculture / Rural Development
US Department of Housing and Urban Development

Washington State Department of Commerce
Community Services Division
Financial Services Division
- Research Services

International Trade and Economic Development Division
- Grant and Loan Services Unit

Local Government Division
- Community Development Programs
- Community Development Block Grant Program
- Growth Management Services

Housing Division
- Resource Allocation Unit
- Contract Compliance and Asset Management Unit
- Housing Assistance Unit
- Housing Improvements and Preservation Unit
- Lead-Based Paint Program
- Policy Advisory Team
- Washington State Affordable Housing Advisory Board
- State Advisory Council on Homelessness

Nonprofit Organizations
Association of Washington Cities
Association of Washington Housing Authorities
Columbia Legal Services
Evergreen Rural Water of Washington
Habitat for Humanity
Rural Community Assistance Corporation
Washington Economic Development Association
Washington Low Income Housing Alliance

Washington Lender's Network
Washington State Association of Counties
Washington State Coalition for the Homeless
Washington State Community Action Partnership

Local Governments
Counties, cities and towns eligible for state CDBG program funding were also consulted through a survey on community development needs. Table 3 lists jurisdictions that responded to the survey. Together, these jurisdictions comprise a population of over 880,000 persons eligible to be served by the state CDBG program.

Table 3: Community Development Needs Survey Respondents

Counties	Cities			Towns	
Asotin	Bingen	Grand Coulee	Republic	Concrete	Reardan
Douglas	Brewster	Grandview	Rock Island	Coulee City	Rosalia
Franklin	Bridgeport	Hoquiam	Royal City	Creston	Selah
Grant	Castle Rock	Kittitas	Sequim	Endicott	South Cle Elum
Jefferson	Centralia	Long Beach	South Bend	Garfield	Twisp
Lewis	Colfax	Mesa	Stevenson	Hamilton	Uniontown
Lincoln	College Place	Moses Lake	Sumas	Lyman	Washtucna
Pend Oreille	Dayton	Oak Harbor	Toledo	Mansfield	Wilbur
San Juan	Elma	Oakville	Tonasket	Metaline	Wilson Creek
Skamania	Entiat	Othello	Toppenish	Metaline Falls	Winthrop
Whitman	Ephrata	Pomeroy	Walla Walla	Rainier	
Yakima	Everson	Port Angeles	Warden		
	Forks	Port Townsend	Winlock		
	Goldendale	Raymond			

Citizen Participation (91.300 (b))

1. *Provide a summary of the citizen participation process.*

2. *Provide a summary of citizen comments or views on the plan.*

3. *Provide a summary of efforts made to broaden public participation in the development of the consolidated plan, including outreach to minorities and non-English speaking persons, as well as persons with disabilities.*

4. *Provide a written explanation of comments not accepted and the reasons why these comments were not accepted.*

CITIZEN PARTICIPATION PROCESS

Citizen Participation Plan

The citizen participation requirements for state governments receiving HUD funds are located under 24 CFR 91.115. The participation plan must provide for and encourage citizens to participate in the development of the consolidated plan, any substantial amendments to the consolidated plan, and the performance report. Based on these requirements, the Department of Commerce has established the following procedures for ensuring effective public participation.

Consultation

- Local governments, advisory groups, program stakeholders, other state agencies and interested citizens will be consulted during preliminary development of the Consolidated and Action Plans. They, and others, will also be consulted in the event amendments are necessary to the Consolidated or Action Plans.
- State and federal agencies will be consulted when changes could affect or change the way state managed HUD resources work with existing program structures.

Surveys and Meetings

- When developing the Consolidated Plan or when there are significant proposed changes to policy or program design, the Department of Commerce will conduct surveys, and/or convene focus group(s), workshop(s), or public meeting(s) to seek input.
- If feasible, the Department of Commerce will conduct multiple surveys or meetings to gather broad public comment and input. Surveys will be accessible online. Meetings will be located on both the east and west sides of the state when appropriate and feasible; otherwise the meeting will be held either on the west or east side of the state.
- The meeting location(s) will be barrier-free and a contact person will be specified to provide special accommodations upon request.
- Notices of surveys or meetings will be posted on the Department of Commerce website and distributed 14 calendar days in advance through electronic mail to applicable citizen participation distribution lists maintained by the Housing, Local Government and/or International Trade and Economic Development divisions. Notices of surveys or meetings, when appropriate and feasible, may also be distributed through the mail and published in one or more newspapers of general circulation.

Public Hearings and Publication Information

- At least one public hearing will be conducted on housing and community development needs before the proposed Consolidated Plan is published for comment.
- Public hearing locations will be barrier-free and a contact person will be specified to provide special accommodation to citizens that request it.
- Notices will be posted on the Department of Commerce's website and distributed

through electronic mail to applicable citizen participation distribution lists maintained by the Housing, Local Government, and/or International Trade and Economic Development divisions 14 calendar days in advance of the public hearing. Notices will also be sent by electronic mail to local governments, 14 calendar days in advance of the public hearing and published in at least two regional newspapers of general circulation or business journals, 14 calendar days in advance of the public hearing.
- Notices will describe locations, times, purpose of the public hearing and invite people with special needs to contact a specified person to make appropriate arrangements.
- Generally, public hearings will not be necessary for amendments.
- In the event that a program component is added or eliminated, several non-grammatical changes are needed or the state determines it would benefit from a public hearing, a public hearing or set of public hearings will be conducted by the Department of Commerce, which may be conducted by video conferencing through local video conferencing facilities.

Amendments to the State's Method of Distribution

Amendments to the Consolidated Plan are necessary at least once each year as a means of proposing and updating the state's method of distributing HUD funds. Annual amendments to the state's Consolidated Plan are called the Action Plans. In addition, amendments will be necessary when new funding programs are available and need to be incorporated into the five-year Consolidated Plan prior to implementation. Amendments to the Consolidated Plan will be necessary when:
- Funding amounts are 10 percent more or less than amounts anticipated in the Action Plan or,
- Components of the programs within the Consolidated Plan or Action Plan are proposed to change significantly in scope (such as eliminating a component or changing the method of distribution of funds).

Opportunity to Examine Consolidated Plan or Amendment
- Interested parties will be able to examine a copy of the proposed Consolidated Plan or Amendment via the internet at www.commerce.wa.gov, at the Department of Commerce's office in Olympia or request a copy from a designated contact person. Archived versions will be available in perpetuity at the state library. A copy of the Plan or Amendment will also be posted on the Department of Commerce's website.
- Copies will be made available in a form accessible to persons with disabilities upon request.
- Notices of the availability of the proposed Consolidated Plan or Amendment for review will be posted on the Department of Commerce website and distributed through electronic mail to applicable citizen participation distribution lists maintained by the Housing, Local Government and/or International Trade and Economic Development divisions in advance of the publication of the proposed Plan or Amendment.
- A notice will also be published in at least two regional newspapers of general

circulation or business journals, in advance of the publication of the proposed Consolidated Plan or Amendment.
- Notices will include a summary of the proposed Consolidated Plan or Amendment that describes the contents and purpose of the Consolidated Plan or Amendment, and will include a list of the locations where copies of the entire proposed Consolidated Plan or Amendment may be examined.

Comments on Consolidated Plan and Amendments
- The Department of Commerce will allow at least 30 calendar days for public comment on the proposed Consolidated Plan or Amendment and will consider comments received in writing during the comment period or orally at the public hearing, before preparing the final Consolidated Plan or Amendment.
- The Department of Commerce will respond to each comment received during the public comment period and from the public hearing.
- A summary of these comments or views, and a summary of any comments or views not accepted and the reasons therefore, will be attached to the final Consolidated Plan or Amendment submitted to HUD. Similar comments may be combined, in which case the number of people or organizations that concur with the issue will be specified.

Performance Reports
- Performance Reports will be complete and available for review at least 21 calendar days prior to when they are submitted to HUD.
- Notice of report availability and the name of a contact person will be distributed through electronic mail to applicable citizen participation distribution lists maintained by the Housing, Local Government and/or International Trade and Economic Development divisions.
- The Department of Commerce will allow at least 15 calendar days for public comment and will consider comments received in writing during the comment period, or orally at any public hearing, before submitting the Performance Report to HUD.
- A summary of these comments or views will be attached to the Performance Report submitted to HUD. Similar comments may be combined, in which case the number of people or organizations that concur with the issue, as expressed, will be specified.

Access to Records
Citizens, public agencies, and other interested parties will be provided with reasonable and timely access to information and records relating to the state's Consolidated Plan, all subsequent amendments, and the state's use of assistance under the programs covered by the Consolidated Plan during the preceding five years. Requests for information may be submitted to:

CDBG Program
Department of Commerce
906 Columbia Street Southwest

Post Office Box 42525
Olympia, Washington 98504-2525

Complaints
Written complaints and grievances regarding the Consolidated Plan or its subsequent amendments will be logged in by the appropriate person, then forwarded through the correct channels and monitored for resolution and timely response.

The complaint procedure provides for appropriate program staff to conduct follow-up research, including notification to the jurisdictions/grant recipient/contractor, and to write a response to the complainant. When possible, the complainant will receive a written or oral response within 15 working days.

The complaint may also be treated as an administrative review when the complaint is related to program staff interpretation of program policies or rules. An administrative review may take longer than 15 working days to complete. The complainant will be notified when their complaint is going to receive administrative review and will be provided an estimate of time needed for a response.

Requirements for Local Jurisdictions
The Washington State CDBG program requires that each local government applicant demonstrate within its initial application for funds that it has met the program's citizen participation requirements. Documentation must include the local government's process for seeking and obtaining citizen participation leading up to application submittal, the process for ensuring ongoing citizen participation, and a grievance procedure.

Based on the federal citizen participation requirements outlined in 24 CFR 570.486, the local government's minimum requirements for the submission of a CDBG application are to:

- Conduct at least one public hearing prior to submission of the CDBG application. This hearing must be held at a convenient time and location to encourage citizen participation.
- Publish an official announcement of the hearing, providing reasonable advance notice. A sample public hearing notice with required language is available from the Department of Commerce upon request.
- Distribute information on the availability of CDBG funds and the eligible uses at the public hearing. Sample fact sheets are available from the Department of Commerce upon request.
- Review local demographic data to determine if it is reasonable to expect a significant number of non-English speaking residents to participate in the public hearing, and advertise and conduct the public hearing in accordance with this determination. Detailed guidance on providing and documenting outreach and accommodation for non-English speaking residents is provided in the application handbooks and available from the Department of Commerce upon request.
- Adopt a grievance procedure for the use of CDBG funds. A sample grievance procedure is available from the Department of Commerce upon request.

- Document that the notice was published and the hearing was held. A documentation checklist is provided below.

The required citizen participation documentation to be submitted with the application includes:

- A copy of the public hearing minutes, including a statement that the CDBG required handouts were distributed.
- A copy of the affidavit of publication or the notice from the paper.
- The Outreach and Accommodation for Non-English Speaking Residents form, documenting the review and determination of local data on non-English speaking populations, the list of outreach steps (if applicable) and accommodations made.
- A copy of the local government's adopted Grievance Procedure.

EFFORTS TO BROADEN PUBLIC PARTICIPATION

To broaden participation in the development of the 2010-2014 Consolidated Plan, the Department of Commerce conducted web-based surveys of affordable housing stakeholders statewide and local government officials in non-entitlement communities. Using web-based surveys generated over 170 responses, an increase from the level of public participation received in developing the previous consolidated plan when public meetings were held. Additional opportunities for public participation took place at two public hearings held in July, 2009, and during the public comment period on the draft plan from September 23 to October 22, 2009.

The survey of affordable housing stakeholders had 83 responses from people in state agencies, local governments, non-profits, public housing authorities, community action agencies, school districts, for-profit businesses and religious organizations. Respondents came from organizations that develop and manage affordable housing, operate emergency and transitional shelters for homeless persons, and provide housing or other services to persons with special needs including seniors, persons with AIDS, persons with developmental disabilities, and substance abusers.

The survey of local government officials garnered 88 responses from 74 jurisdictions located in non-entitlement areas across the state. Taken together, these jurisdictions comprise over 880,000 residents that are eligible to be served by the state CDBG program.

Please see Appendix B, Tables XVI and XVII for results from both surveys.

SUMMARY OF PUBLIC COMMENTS AND RESPONSES

This section provides a summary of public comments on the 2010-2014 Consolidated Plan and responses from the Department of Commerce. Copies of all written comments received are provided in Appendix D.

<u>Washington State Coalition for the Homeless</u>

The Coalition provided the following recommendations:

1. Target HOME funds to meeting the needs of the homeless and those at risk of homelessness as much as possible.
2. Incorporate the Ten Year Plan to End Homelessness into the Consolidated Plan.
3. That the Department of Commerce collaborate with the Coalition in convening a focus group or meeting of homeless advocates as part of developing the Consolidated Plan.

<u>Department of Commerce Response</u>

1. The 2010-2014 Consolidated Plan prioritizes creating and preserving housing for extremely low- and very-low income renter households as a primary focus for the use of HOME funds. These households are often severely cost-burdened, and therefore have the greatest risk of becoming homeless. The plan also emphasizes addressing homelessness and housing for special needs populations as a statewide priority. Forty percent of HOME program funds will be allocated to Tenant Based Rental Assistance, which is frequently used by recipient organizations to provide housing for persons who are homeless or at risk of becoming homeless.
2. The Department of Commerce agrees with the Coalition's second recommendation and has incorporated the Ten Year Plan to End Homelessness into the 2010-2014 Consolidated Plan.
3. In addition to incorporating the Ten Year Plan, which was developed through a similar stakeholder process to what the Coalition recommends, the Department of Commerce consulted with homeless advocates through a survey of affordable housing stakeholders. This consultation encouraged the prioritization of homeless needs in the 2010-2014 Consolidated Plan.

<u>Common Ground</u>

Common Ground wrote in support of maintaining the priorities listed in the 2009 Action Plan, particularly the emphasis on housing for very-low income renters, people with special needs and people who are homeless. Common Ground recommended continuing funding for TBRA and pointed out that this funding is particularly important for rural communities. Other recommendations included increasing the HOME program's focus on assistance for rental programs, prioritizing permanent housing in line with other Department of Commerce programs, increasing the amount set aside for CDBG program Housing Enhancement Grants, and continuing the CDBG Public Services Grants without changes proposed by the Department of Commerce.

<u>Department of Commerce Response</u>

The Department of Commerce appreciates Common Ground's support for the priorities in the 2009 Action Plan, and will continue to prioritize funding for TBRA, which will comprise 40 percent of HOME program funds in 2010. HOME General Purpose funds are used to create and preserve permanent and transitional rental housing for very- and extremely-low income households and those with special needs.

The CDBG program is maintaining the Housing Enhancement Grants at the same level as in 2009, in part because of the high priority placed by local governments in non-entitlement jurisdictions on other eligible uses of CDBG funds such as infrastructure projects, economic development activities and planning activities. In 2010 the CDBG Public Services Grants will be funded at the same level as in 2009.

Columbia Legal Services

Columbia Legal Services (CLS) wrote to encourage prioritization of funding for extremely low-income renter households and homeless individuals and families. CLS enclosed three letters sent to the Department in 2004 during development of the last consolidated plan which reviewed HUD regulations on the prioritization of need and made recommendations on how needs should be analyzed and prioritized. In addition, CLS recommended that the CDBG program continue to fund Public Service Grants.

Department of Commerce Response
The Department of Commerce appreciates Columbia Legal Service's continued advocacy for the critical needs of persons with extremely-low incomes, particularly those who are homeless. The Department takes seriously the suggestions that CLS made in 2004, and have implemented many suggestions in developing the 2010-2014 Consolidated Plan: in addition to analyzing needs data from the CHAS tabulation of the 2000 Census, the Department has analyzed more recent data from the American Communities Survey and data provided by a variety of nonprofit organizations, state agencies, local governments and advocacy groups. The Department of Commerce has prioritized need based on this analysis as well as comments received from the public and through surveys of affordable housing stakeholders and non-entitlement communities.

As noted in the Priority Housing Needs section, the Department of Commerce recognizes that statewide data show the greatest housing need for very- and extremely-low income households. Table 22, showing the income targeting of HOME-funded units, demonstrates the increasing priority that has been placed on serving these households over time. The 2010-2014 Consolidated Plan prioritizes creating and preserving housing for extremely low- and very-low income renter households as a primary focus for the use of HOME funds, with additional emphasis on addressing homeless and housing for special needs populations.

While the Department recognizes these needs as statewide priorities, there are areas of the state with other substantial needs, so the Department will continue to maintain the flexibility to fund other eligible activities as shown in Table 12. This approach follows the Consolidated Plan Final Rule (24 CFR Part 91), and is consistent with HUD's guidelines and revisions to the Final Rule in 2006 (accessible at http://www.hud.gov) which clarify that states are not required to allocate *relative* priorities, but rather should *describe the relationship* between priorities and need.

In 2010 the CDBG program will continue the Public Services Grant set-aside and will work with local governments and the state Community Services Block Grant program to assess state CDBG funding for public service activities.

Building Changes

Building Changes notes that the 2010-2014 Consolidated Plan emphasizes homelessness as a priority and that there has been a notable increase in the use of funds to serve low-income people over the past several years. Building Changes points out the continuing need for development of additional permanent housing units, and recommends that additional HOME resources be directed towards this shortfall. They further recommend that a higher percentage of CDBG funds be used for housing.

Department of Commerce Response
The Department of Commerce appreciates Building Changes' ongoing work to address the issue of homelessness in Washington. The Department intends to direct 60 percent of HOME funds to the General Purpose program to create and preserve affordable rental housing units. The remaining 40 percent of funds will be used for Tenant Based Rental Assistance, which is critical to meeting the need for affordable housing, particularly in rural communities.

Along with HOME General Purpose funds, the Department of Commerce currently sets aside $1,000,000 in CDBG funds for CDBG Housing Enhancement Grants, and will continue this set aside in 2010. In addition, CDBG General Purpose Grants and Planning-Only Grants can be used for eligible housing activities. Local jurisdictions are responsible for prioritizing applications to these grant funds. Therefore, the total percent of CDBG funds that directly address housing varies from year to year. Because CDBG funds are also used for a variety of other projects, including needed infrastructure and public services, the Department of Commerce is not increasing the amount set aside for housing in 2010.

Comments on CDBG Public Service Grants Proposal

In developing the 2010-2014 Consolidated Plan, the Department of Commerce proposed to discontinue setting aside a portion of CDBG funds for Public Service Grants, that have provided formula funding of public services to rural counties and Community Action Programs (CAPS) since 1993. While local governments that responded to the survey of community development needs did not list public services as a high priority for the use of CDBG funds, comments opposing this proposal were received from the following counties and organizations:

Counties

- Grant County
- Grays Harbor County
- Island County
- Kitsap County
- Okanogan County
- Skagit County
- Stevens County
- Whitman County

Organizations

- Behavioral Health Resources
- Central Area Motivation Program
- Columbia Legal Services
- Costal Community Action Program
- Community Action Center
- HopeSource
- Metropolitan Development Council
- Navos Consortium
- Okanogan County Community Action Council
- Olympic Community Action Programs
- Opportunity Council
- Wa. State Community Action Partnership
- Wa. State Coalition Against Domestic Violence
- Willapa Behavioral Health

These comments recommended that the Department of Commerce continue the CDBG Public Service Grants set-aside, noting that the set-aside had existed for over 15 years. Comments pointed out that the set-aside funds important services for low-income people including housing services, emergency services, senior nutrition, employment programs and others. Comments also indicated that discontinuing this set-aside in 2010 would limit services provided by CAPs at the very time that the services were most needed to address the increase in statewide unemployment resulting from the current financial crisis. Some comments indicated that, while CAPs would receive additional Recovery Act funds for the next few years, continuing the CDBG Public Service Grant set-aside was still critical.

Department of Commerce Response

Because of the feedback received from some counties and CAPs, the Department of Commerce has decided to continue CDBG Public Service Grant set-aside through December 31, 2010, to assist the 12 counties and CAPs as they move forward with their budgets and the use of Recovery Act funds over the next 16 months.

The state CDBG program has been funding rural counties and CAPs with Public Services Grants for the past 16 years based on a formula agreed to by the state Community Service Block Grant Program (CSBG) and the CAPs. Ten percent, or over $1.5 million, of CDBG funds goes to CAPs each year and is the only state CDBG funding not distributed competitively. Distribution of the other 90 percent of CDBG funds is done on a competitive basis. Those funds are used to benefit residents at or below 80 percent of the area median income through a wide range of projects, including: sewer, water, streets, infrastructure in support of housing and economic development, housing rehabilitation, and planning grants.

Commerce staff plan to meet with staff from the 12 counties receiving Public Services Grants and the local CAP executive directors to discuss the opportunities for funding priority public service activities in their communities and the issues facing the use of CDBG funds and the relationship with the CSBG funds. The Department of Commerce has invited stakeholders, including all those who commented on the proposal, to have a dialogue on these topics, and to come to an agreement on how to move forward into 2011.

Topics identified for discussion include:

- How to separate the CDBG funds from the CSBG formula and its effect on the distribution formula to all CAPs;
- Review of the survey results of local government priorities and the level of other states' funding of public services;
- The effects of the Public Services Grant set aside on other types of CDBG activities;
- Other options for county use of CDBG funds;
- Administrative oversight issues regarding Public Services Grants; and
- Opportunities for funding public service activities, the amount, and method of distribution of Public Services Grants starting in 2011.

Institutional Structure (91.315 (k))

1. *Explain the institutional structure through which the jurisdiction will carry out its consolidated plan, including private industry, nonprofit organizations, and public institutions.*

2. *Assess the strengths and gaps in the delivery system.*

3. *Assess the strengths and gaps in the delivery system for public housing, including a description of the organizational relationship between the jurisdiction and the public housing agency, including the appointing authority for the commissioners or board of housing agency, relationship regarding hiring, contracting and procurement; provision of services funded by the jurisdiction; review by the jurisdiction of proposed capital improvements as well as proposed development, demolition or disposition of public housing developments.*

INSTITUTIONAL STRUCTURE

The State of Washington supports a variety of housing assistance, community and economic development programs intended to assist residents with obtaining affordable, decent housing in a healthy, safe environment and ensure the vitality of communities across the state.

A key objective of state housing programs is to assist very low-income and special needs households who cannot find affordable, safe and adequate housing in the private market. Acting with federal, local and nonprofit partners, the state provides financial support for the construction of new housing and rehabilitation of existing housing units. The state also provides some direct subsidies in the form of vouchers to assist low-income households to pay rent. The Washington State Department of Commerce and the Washington State Housing Finance Commission are the primary state agencies responsible for administering state housing assistance programs.

Community and economic development programs work with local governments, nonprofit organizations and private businesses to meet the infrastructure, health and safety, employment and commercial needs of communities in Washington. These programs are administered by a wide variety of state agencies including the departments of Commerce, Ecology, Social and Health Services, Health, and Employment Security.

Department of Commerce

The Department of Commerce is the lead agency charged with enhancing and promoting sustainable communities and economic vitality in Washington State. Commerce programs support state and local efforts to:

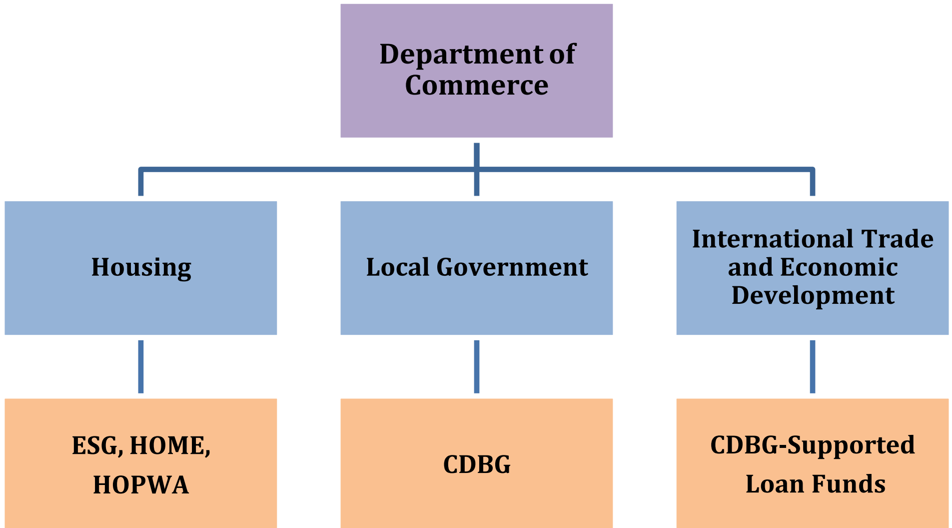
- Attract, retain and expand business activities
- Provide services for managing growth and energy resources
- Increase international trade and tourism
- Develop affordable housing, community facilities and public infrastructure
- Provide support services for vulnerable populations to assist them in times of crisis and help them achieve self-sufficiency

The Department of Commerce develops and administers the consolidated plan and distributes funding to communities and organizations across the state from the following HUD programs:

- Community Development Block Grants (CDBG)
- Emergency Shelter Grants (ESG)
- HOME Investment Partnerships (HOME)
- Housing Opportunities for Persons With AIDS (HOPWA)

These programs are administered within three divisions of the Department of Commerce as shown in Figure I.

Figure I: Department of Commerce Organizational Chart



The Housing Division works in partnership with private lenders, nonprofit organizations, local governments, other state agencies and the federal government to strategically invest in affordable housing opportunities for the maximum number of households that combined resources will allow. Low-income individuals and families, farmworkers and persons with special need benefit from Housing Division programs such as the Washington State Housing Trust Fund. The division also supports a vital safety net of emergency shelters and transitional housing programs for homeless families and individuals statewide.

The Local Government Division assists local governments as they make decisions on how they want to grow, then provides help in making their plans a reality by strategically funding infrastructure improvements and promoting vital public safety and cultural features that make communities safe and satisfying places to live and work.

The International Trade and Economic Development Division supports business, travel, investment and economic development activities in the state of Washington. The division offers a wide range of services to partners in the public and private sectors, including: assistance for importing and exporting products; locating or retaining businesses; supporting partnerships for community development; tourism customer and industry information; film and video production; and economic development in rural communities.

The Department of Commerce will carry out the 2010-2014 Consolidated Plan in partnership with other state agencies, local governments, businesses and nonprofit organizations. Commerce works with other state agencies to develop statewide priorities for the use of limited federal and state funds. Cities, towns and counties work with business and nonprofit organizations to develop projects that address the most pressing priority housing and community development needs in their own communities.

Housing Trust Fund

The Washington State Housing Trust Fund (HTF) was established in 1987 to help communities meet the housing needs of low-income and special needs populations. The HTF is administered by the Department of Commerce and provides funds to local governments, nonprofit organizations and others.

HTF funds are used to:

- Support the construction, acquisition or rehabilitation of over 4,500 units of housing every two years.
- Create rental and homeownership opportunities in every region of the state for people with incomes below 80 percent of the average median income.
- Support special needs housing for clients of Department of Social and Health Services and the Department of Health programs and services.

CDBG Housing Enhancement grants and HOME General Purpose grants are coordinated with HTF funding cycles, reducing administrative costs and ensuring that projects have adequate funding. State HTF funds that are targeted to HOME-eligible activities can also be used to meet HOME program leveraging requirements.

Other State Agencies

Housing

Other state agencies, such as the Department of Social and Health Services (DSHS) provide housing assistance through housing subsidies to individual clients as well as funding services for clients residing in private and publicly owned housing. DSHS operates the state's human services programs including the Temporary Assistance to Needy Families (TANF) program. DSHS works closely with the Department of Commerce to develop and update the state's 10-Year Homeless Plan and to coordinate services for people with developmental disabilities and other special needs living in housing that is financed in part by the Department of Commerce.

The Washington State Housing Finance Commission (HFC) issues revenue bonds to finance affordable housing and administers Low-Income Housing Tax Credits in the state. The HFC works in close partnership with the Department of Commerce and other public funders as they evaluate and underwrite applications for funding to develop low-income housing and participate on their credit committees. HFC staff are members of key Department of Commerce stakeholder committees, including the Affordable Housing Advisory Board and Policy Advisory Team. In addition, the director of the Department of Commerce serves as a voting member of the HFC.

A central role in achieving the state's housing agenda and coordinating housing strategy is carried out by the Affordable Housing Advisory Board (AHAB), which was established by the state's Affordable Housing Policy Act. Its principal function is to analyze and recommend programs to achieve the state's housing goals and to prepare and update a five-year housing advisory plan. The purpose of the plan is to document the need for affordable housing in the state and the extent to which that need is being met through public and private sector programs, to facilitate planning to meet the affordable housing needs of the state, and to enable the development of sound strategies and programs for affordable housing. AHAB also provides a focal point for increased cooperation between state agencies, local government, public housing authorities, private lenders and housing developers.

The Washington Center for Real Estate Research (WCRER) of Washington State University conducts research and market analysis on housing and other real estate. WCRER develops and maintains a statewide housing market database that compares values, rents, vacancies and expenses in major markets and issue semi-annual reports. The state Human Rights Commission (HRC) leads state fair housing efforts to ensure that Washington residents have access to housing without discrimination.

Community and Economic Development
The Washington State Department of Ecology (ECY) is a partner with local governments and the Department of Commerce in funding infrastructure related to stormwater and sewage. The Department of Health (DOH) supports infrastructure for drinking water, and plays a role in other health issues, including monitoring lead-based paint poisoning.

Together, the departments of Commerce, Health and Ecology support the Small Communities Initiative, a collaboration to assist small, rural communities that are simultaneously struggling with economic viability and compliance with health and environmental regulations.

Other agencies, including the Employment Security Department, partner with the Department of Commerce and DSHS to manage the state's Temporary Aid to Needy Families (TANF) program, WorkFirst.

Local Governments

Cities, Towns and Counties
Cities, towns and counties, particularly in rural areas of the state, are key partners with the Department of Commerce in carrying out the consolidated plan. Local jurisdictions assess need in their communities, secure funding from Commerce programs for projects or services, and oversee subcontractors to assure compliance with federal and state regulations. The Department of Commerce works to build local capacity and provides technical and planning assistance to local governments.

Cities, towns and counties are also responsible for long-term planning under the Growth Management Act (GMA). The Act provides a statewide framework and timeline for comprehensive planning required for over 240 local jurisdictions. While the state provides some guidance, local governments have wide discretion in how to balance various GMA goals, which includes planning for future affordable housing and community development needs. Some GMA elements that are required to be addressed by "fully planning" jurisdictions include:

- Designation of urban growth areas (UGAs) where future development can be served by adequate public facilities in an efficient manner. UGAs must include an adequate land supply to accommodate future population growth.
- Comprehensive plans include a housing element which must identify sufficient land for a broad range of housing types, including those historically difficult to site.
- Local development regulations and capital improvement plans must both be consistent with, and implement, the comprehensive plan.
- On a countywide basis, local jurisdictions develop and adopt a set of planning policies on region-wide issues to guide the development of individual plans. Housing policies that consider the need for affordable housing for all economic segments of the populations and parameters for its distribution must be included.
- Jurisdictions must ascertain that adequate water is available before residential building permits are issued, and assure that adequate public facilities will be provided before approving any residential subdivision.

Public Housing Authorities (PHAs)
A public housing authority is an entity formed by a city, town or county to address housing needs in the local community. PHAs are critical to meeting the affordable housing needs of the state's poorest citizens. There are over 30 active housing authorities across the state, empowered to:

- Develop, own and manage housing alone or through partnerships and joint ventures.
- Make loans to nonprofit and for-profit housing developers.
- Issue tax-exempt and taxable bonds as well as finance their own housing.
- Investigate and study housing conditions to make recommendations concerning improvements.
- Acquire property for housing projects through the power of eminent domain.

Property owned by housing authorities is exempt from all taxes or special assessments. Housing authorities enter into creative partnerships with private, nonprofit agencies, and local governments to provide affordable housing. Several housing authorities in Washington have set up 501 (c) (3) nonprofit corporations to take advantage of federal programs not available to public housing authorities, gain operational flexibility and generate resources that can be used to offset losses in federal programs caused by insufficient funding levels.

The majority of the households who live in public housing today have incomes well below 50 percent of the area median income (AMI), many below 30 percent of AMI. A large number of frail elderly people and single individuals with disabilities live in housing authority units. As standards of care have evolved to discourage institutionalization for persons with mental health or developmental disabilities, PHAs have taken on much of the task of providing them with affordable housing.

In Washington PHAs are local entities over which the Department of Commerce has no direct oversight. The Department of Commerce is an investment partner on certain projects with PHAs, and certifies that PHA plans are consistent with the state consolidated plan where required by HUD regulations.

Nonprofit Organizations

The role of nonprofit organizations in providing affordable housing and community development cannot be overstated. Without nonprofit developers and agencies, much of the low-income housing in the state would simply not have been built. Nonprofits, including faith-based organizations, run many of the programs that provide emergency shelter, transitional housing, housing with supportive services and public services to people in need. Nonprofit organizations help carry out the consolidated plan both directly and indirectly. For some programs, nonprofits develop projects and apply for funds independently while for other programs they partner with local governments or contract as sub-recipients.

Nonprofit organizations play a role in the consolidated planning process through their research and advocacy work. Components of the 2010-2014 Consolidated Plan that were developed through partnerships between the Department of Commerce and nonprofit organizations include the *Affordable Housing Inventory* developed by the Washington Low Income Housing Alliance and the *Analysis of Impediments to Fair Housing Choice* written by the Fair Housing Center of Washington.

Advocacy organizations such as the Washington State Coalition Against Domestic Violence and Columbia Legal Services also compiled and analyzed data that appear in the consolidated plan, consulted with Department of Commerce staff in developing the plan, and provided a needed voice for their constituents throughout the planning process.

For-Profit Businesses

For-profit businesses are critical to the economic health of Washington state, providing jobs, services and tax revenue used by the state and local governments to provide affordable housing and community services. State agencies, local jurisdictions, housing authorities and nonprofit organizations contract with for-profit businesses in a variety of ways that help in carrying out the consolidated plan. Businesses such as developers and lenders are important to the overall health of the housing market. In past years, market conditions made it profitable for private developers to build affordable housing with minimal subsidies. As housing prices have risen, low- and moderate- income households are less able to afford units produced by private developers at market rates. Still, businesses play an important role in developing affordable housing.

Private developers build and rehabilitate affordable housing with HUD funds distributed by the Department of Commerce to local jurisdictions. For-profit businesses also help drive economic development, particularly in rural communities. A portion of CDBG program funds are loaned by local governments to businesses in ways that directly create jobs for low- to moderate income persons. Funds for microenterprise assistance help Washington's smallest businesses start or expand, providing opportunities for economic development directly to individuals.

STRENGTHS AND GAPS IN THE DELIVERY SYSTEM

The main strength in the delivery system is the relationship between the Department of Commerce and local governments. The department provides administration, oversight, technical assistance and statewide prioritization of needs. Local governments provide the "on-the-ground" work of service delivery, maintaining the flexibility to address the most pressing needs in their communities by using strategies that they and their constituents choose. This partnership allows communities to benefit from state expertise and coordination without losing control over strategic decision making.

Data presented in the 2010-2014 Consolidated Plan demonstrates significant ongoing affordable housing and community development needs in communities throughout the state. The principle factor that limits delivery of services to address these needs is state and local government capacity, particularly the availability of funding. While overall capacity is the greatest limit to providing services, gaps in the delivery system are also contributing factors.

Funding Gap

The State of Washington places a high priority on affordable housing and community development. Budget surpluses from 2004 to 2007 allowed the state to substantially increase investment in programs like the Housing Trust Fund and provide additional funding for infrastructure to local communities, despite reductions in federal funding. As state surpluses turned to near-record deficits in 2008, the state was forced to reduce funding for these programs, limiting the ability of state agencies and local governments to respond to increased need.

Gaps caused by revenue cycles cannot be eliminated, but the state is taking steps to reduce their impact. In addition to streamlining administrative programs to maximize funding available for projects, the state is studying ways to leverage funds further, such as loan guarantees and gap financing for projects that are ready to proceed but have yet to secure loans from the private market. Delays associated with securing financing can increase project costs substantially. Strategic use of limited state resources can both allow the state to fund more projects, and reduce each project's costs.

The State of Washington has also taken new measures to address the needs of businesses and the long-term economic development of the state. A 2009 law transformed the Department of Community, Trade and Economic Development into the Department of Commerce, with the mission of growing and improving jobs. The department's efforts to support businesses may assist Washington in recovering from the current recession and contribute to bringing about a return of state budget surpluses.

Coordination Gap

The need for better coordination and communication among the state agencies that play a role in the housing delivery system and in community development has been seen as a critical issue at the state level. The Department of Commerce and representatives from other state agencies whose work impacts the housing delivery system agree that agencies must work together to improve access to affordable housing for Washington residents and have made an effort to improve communication and coordination.

The Department of Commerce invited other agencies to participate in identifying priorities and strategies during the development of this Consolidated Plan, and will continue to involve them in future planning efforts. In addition, efforts have been made during the past five-year plan period to increase coordination of services to prevent homelessness for persons discharged from state institutions or care. For example, in a 2008 pilot program the Department of Commerce funded projects in three counties to provide housing for recently-released offenders, coordinating with the Department of Corrections.

In addition, the Department of Commerce is working with several infrastructure financing programs in state government on how to better address the infrastructure financing needs across the state. Efforts focus on:

- Restoring and enhancing infrastructure funding at both state and local levels in future budget cycles;
- Developing a shared strategy for infrastructure financing, focused on integrating the way programs address traditional infrastructure needs with housing, communication and land use;
- Co-locating and consolidating infrastructure programs to improve efficiencies and customer service; and
- Continue advising the Governor on the economic potential of proposals to the Recovery Act broadband funds and look for a longer term solution to how the state plans for and invests in this category of infrastructure.

The Department of Commerce is working with several state agencies to develop a stakeholder involvement plan for pursuing these infrastructure investment ideas. The plan will be completed by December 2009, and Commerce hopes to hold an infrastructure summit with partner agencies in early 2010.

Market Gaps

Another gap in the delivery of services relates to the economic realities of assisting persons with extremely low incomes. Financing construction of housing projects, for example, relies in part on rents which are tied to tenants’ income. A project serving persons with incomes below 30 percent of median income therefore requires a much greater level of subsidy funding than a project serving persons earning 50-80 percent of median income.

Meeting operations and maintenance needs of emergency shelters, transitional housing, and supportive housing for persons with special needs is another market gap, as clients often have no money or live on fixed-incomes. Supportive services (including case-management, health services, addiction counseling, employment services, legal services, etc.) are needed by chronically homeless persons, victims of domestic violence, youth exiting the foster care system, ex-offenders and others in order to allow them to remain in housing over the long term.

A similar gap relates to economies of scale. While large housing projects can be built in urban areas, potentially reducing costs per unit, affordable housing needs in rural communities require diffuse solutions.

The Department of Commerce works to mitigate economic gaps in a number of ways. The difficulty in financing affordable housing for persons with extremely low incomes is one reason HOME funds are used for Tenant-Based Rental Assistance. TBRA also allows communities to meet an individual household's needs immediately, while the longer-term solution, the creation and preservation of affordable housing, requires substantial public subsidy. CDBG grants can be used for new or expanded public services, and when General Purpose funds are used for construction of a community facility, initial startup of public services can also be funded.

Monitoring (91.330)

1. *Describe the standards and procedures the jurisdiction will use to monitor its housing and community development projects and ensure long-term compliance with program requirements and comprehensive planning requirements.*

MONITORING STANDARDS AND PROCEDURES

Overview

The contracts executed by the Department of Commerce include all applicable program requirements. Commerce monitors contracts for compliance with specific program requirements and for general management, performance goals, financial management, data collection and reporting, eligibility determinations, nondiscrimination, program outreach, timely reporting, project completion, and monitoring of sub recipients (as applicable).

Primary Goals

Commerce has five primary goals while monitoring programs and projects:
- Ensure accomplishment of service or product.
- Ensure accountability of public funds and minimization of risk.
- Ensure compliance with federal and state requirements.
- Evaluate organizational and project performance for a specific time period.
- Provide bold leadership and exceptional service.

These goals apply to all programs and services at the Department of Commerce. The following sections describe how these goals are implemented in the monitoring plans for the four Consolidated Plan programs.

HOME Program Monitoring Plans

General and specific monitoring policies and procedures for desk and on-site monitoring apply to each program receiving HOME funds.

General monitoring standards for the HOME General Purpose and Tenant Based Rental Assistance (TBRA) programs include:

- Performing an annual risk assessment of each program and/or project funded with HOME monies. The risk assessment will identify which funding recipients require comprehensive monitoring. High-risk funding recipients include those that are:
    - New organizations to the HOME program.
    - Experiencing turnover in key staff positions, such as executive director and chief financial officer.
    - Repeated past compliance or performance problems.
    - Undertaking multiple HOME-funded activities for the first time, such as rental projects and Tenant Based Rental Assistance.
    - Not submitting timely documentation, such as annual reports and/or requests for reimbursement.

- Reviewing annual performance reports and comparing activities that are reported with the original contract and purpose of the program, along with any subsequent amendments.
- Taking appropriate corrective action in situations of noncompliance in conformance with contract terms and conditions. Generally, the following intervention stages will be used:

Stage 1 – Low-level intervention will include one or more of the following actions:

- Clearly identify problem areas and required corrective action;
- Plan a strategy with the contractor that includes any training or technical assistance that may help to address identified problems;
- Require more frequent or more thorough reporting by the contractor; or
- Conduct more frequent contractor monitoring reviews.

Stage 2 – Moderate-level intervention may be attempted after the Stage 1 level and will include one or more of the actions referred to in the suspension actions sections of the appropriate contract.

Stage 3 – High-level intervention, the most serious actions available, may be taken to put an end to noncompliance problems. Such steps may include the following:

- Suspending the contractor from Housing Finance Unit program eligibility;
- Termination of the contractor's contract for the project;
- Legal action, to include foreclosure of the project property in question.

Specific monitoring policies and procedures for HOME programs include:

HOME General Purpose (GP)

Perform on-site inspections of HOME-assisted units in rental housing developments no less than:

- Every three years for projects of one to four units,
- Every two years for projects with five to 25 units, and
- Annually for projects with 26 or more units.

HOME Tenant-Based Rental Assistance (TBRA)

Perform biennial desk monitoring of contractors to ensure contract compliance. In addition, perform annual monitoring of documentation of on-site inspections of rental housing occupied by tenants receiving HOME-TBRA.

ESG and HOPWA Programs Monitoring Plan

Perform on-site monitoring for ESG and HOPWA contractors every three years. Desk monitoring of contractors will be performed every two years.

- Monitoring will be conducted using a standardized monitoring instrument and will be documented in the appropriate monitoring file.
- Instances of noncompliance will be corrected immediately. When such immediate correction is not feasible, the agency will correct such deficiencies within 30 calendar days, providing the Department of Commerce with copies of

supporting documents demonstrating the corrective action taken. Additional time for corrective action may be allowed, on a case-by-case basis.

- A risk analysis will be performed annually. For the HOPWA program this will be based upon the data reported in annual performance reports. The analysis will also include, but not be limited to, audit reports, evidence of key staff turnover, timeliness of billings and other reporting requirements.
- Agencies determined to be at a high level of risk for fund accountability and program compliance will be scheduled for monitoring within the next six to 12 months.
- Instances of noncompliance will be recorded and reported, as necessary, to members of the Housing Division and other Department of Commerce divisions that may be providing funds to the noncompliant entity.
- Once an agency has fully complied with program requirements and can be categorized at a lower level of risk, monitoring may then revert to the regular two-year schedule.

CDBG Program Monitoring Plan

The CDBG program seeks to ensure that all funded projects are successful. From the time an application for assistance is received to final closeout of the contract, the CDBG program assesses a project for the value it will add to the community, documents how it will meet a national objective and monitors for compliance with federal and state requirements.

Initially, an application for assistance must pass through the CDBG threshold review process to determine that the proposed activity is eligible, has local government support and meets basic criteria. Then the application passes through the rating and selection process, which objectively assesses the need, capacity, readiness and results. Once these reviews are met, the Department of Commerce and the local government establish a contract that defines scope, schedule, budget and expected outcomes of the project.

CDBG funds a wide range of projects and has determined the following monitoring plan based on the type of project funded and the risk associated with non-construction or construction projects:

- Non-construction projects will be desk monitored over the life of the contract following the monitoring standards and procedures set forth in the CDBG Non-Construction Grant Handbook.
- Construction projects will be monitored on-site at least once during the contract period.
- Construction projects will be desk monitored at critical stages of the project, including environmental reviews, request for release of funds, procurement of contractors, and initial labor standards package review.

HUD representatives may also conduct monitoring visits to assure that grantees are carrying out their programs in accordance with applicable laws and regulations.

Monitoring standards and procedures for CDBG contracts are set forth in Section 15 of the CDBG Management Handbook and Section 10 of the CDBG Non-Construction Handbook. Training and technical assistance on all aspects of CDBG performance and compliance issues are available upon request.

The CDBG staff objectives for monitoring are to determine if grantees are:

- Carrying out their CDBG-funded activities as described in their contracts (as modified or amended);
- Carrying out the program or project in a timely manner in accordance with the schedule included in the CDBG contract;
- Charging costs to the program or project which are eligible under applicable regulations;
- Complying with other applicable laws, regulations and terms of the CDBG contract;
- Conducting the program in a manner which minimizes the opportunity for fraud, waste and mismanagement; and
- Have a continuing capacity to carry out the approved program or project and meet record retention requirements.

The areas monitored may include:

- Overall management system, record keeping and progress in activities
- National objectives
- Environmental review
- Financial management
- Property management
- Procurement
- Efforts to use small, minority- and women-owned businesses
- Labor standards
- Non-construction contracts between grantees and consultants
- Grant monitoring of its subrecipients
- Civil rights
- Acquisition/relocation
- Housing rehabilitation and lead-based paint
- Citizen participation

When a grantee is found to be out of compliance, CDBG staff will identify a specific period of time in which compliance should be achieved. Usually the grantee will have 30 calendar days to correct deficiencies. Copies of supporting documentation demonstrating that corrective action has been taken will be required. Additional time for corrective action may be allowed on a case-by-case basis. Failure by the grantee to correct deficiencies may result in funds being withheld, sharing of the noncompliance findings with other Department of Commerce programs and divisions, and possible restrictions on future grants.

Priority Needs Analysis and Strategies (91.315 (a))

1. *Describe the basis for assigning the priority given to each category of priority needs.*
2. *Identify any obstacles to meeting underserved needs.*

Basis for Prioritizing Needs

The basis for assigning priority to need in the planning process varied to some degree between the categories of needs covered by the consolidated plan, namely affordable housing, homelessness, non-housing community development and non-homeless special needs. The following approaches were common to all categories of need. Additional information is provided in each section of the plan.

- A detailed analysis of quantitative and qualitative data was performed using the most recently available information from federal, state and local governments, nonprofits and advocacy groups, research institutions, academic publications, and news articles.

- A review of recent studies, reports and strategic plans related to affordable housing and community/economic development was performed. Common themes found in various sources indicated areas where significant prioritization had already taken place.

- Surveys of affordable housing stakeholders and local governments in non-entitlement jurisdictions were conducted and analyzed to assess how "front-line" experience of service providers influenced perceptions of need and priorities.

- Past program activities in the 2005-2009 Consolidated Plan were reviewed to determine how past prioritization was implemented and assess whether underlying need had been met.

- Citizen feedback, including written comments and participation at public hearings, was reviewed and incorporated into prioritization where possible.

Obstacles to Meeting Underserved Needs

Obstacles to meeting underserved needs also vary between categories of need covered by the consolidated plan, and from community to community. The following obstacles are common to many categories of need. Further analysis is provided in each section.

- Available Funding: Costs have increased substantially over the past five years, including for land acquisition, construction, service provision, administration and maintenance, while the level of available funding at the federal level has declined until recently. The current economic climate increases this obstacle, as state and local revenue is declining at the same time that needs are growing.

- Extent of Need: Related to the availability of funding is the extent of need that exists within the community. A preliminary draft of a study on affordable housing costs indicated that, despite substantial increases in state funding, it would take *168 years* to meet existing affordable housing need. A recently completed study on infrastructure funding found a $7.5 billion gap between existing need and funding capacity. For more information on these figures and other obstacles to meeting underserved need, see the Priority Housing Needs and Community Development sections.

- Organizational Capacity: Many smaller jurisdictions lack the capacity, either in number or experience of staff, to take advantage of available funding. Rural jurisdictions are particularly impacted by lack of capacity. Communities with severe need often lack the resources to complete a project in accordance with all requirements. In addition, simply applying for assistance is a time-consuming and costly process. A recent study found that local jurisdictions spend up to $10,000 to $20,000 in preparing each grant or loan application.

Lead-based Paint (91.315 (i))

1. *Estimate the number of housing units that contain lead-based paint hazards, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, and are occupied by extremely low-income, low-income, and moderate-income families.*

2. *Outline actions proposed or being taken to evaluate and reduce lead-based paint hazards and describe how lead based paint hazards will be integrated into housing policies and programs, and how the plan for the reduction of lead-based hazards is related to the extent of lead poisoning and hazards.*

Lead-Based Paint Hazards

Exposure to lead-based paint in the home from paint chips, dust, and other sources is the most common source of childhood lead poisoning in the United States. Lead poisoning can result in health issues ranging from anemia, hearing problems, and behavior problems to irreversible brain damage or even death. Younger children face greater risks of lead poisoning, and can experience lifelong health problems and learning disabilities.

Because lead was banned as an additive in residential paint in 1978, the problem of lead-based paint is more common in homes built before then and especially in homes built prior to the mid-20th century. These older homes often contain paint with a higher lead content which has had more time to deteriorate into dust and paint chips. The Environmental Protection Agency notes that nationally, low-income and minority children are disproportionately affected by lead poisoning. Nationwide, between 86 percent and 95 percent of all residential lead-based paint hazards are found in housing built before 1960.

Addressing lead-based paint hazards is critical to preserving older affordable housing units and meeting HUD's statutory goals of providing decent housing and a sustainable living environment. It is usually more cost-effective to maintain and preserve established, older housing than to replace it. Thus, remediation of lead-based paint hazards is both a health and safety strategy, particularly for Washington's children, and an investment in the future of affordable housing.

Estimate of Lead Hazards Faced by Low-Income Households

In Washington, 722,000 housing units were built before 1960. Families in poverty are estimated to occupy 20 percent (approximately 145,000) of these "lead-risk" housing units. Data are not available to disaggregate the number of families in poverty that may be at risk by income category.

In 2005, the Legislature directed the Department of Commerce (then the Department of Community, Trade, and Economic Development) to conduct a study identifying the geographic areas of Washington where children face higher risks of lead exposure in their homes. The study analyzed existing sources of data on housing, population, blood level testing of children, and lead levels in soil. It concluded that higher blood levels of lead in Washington children correlate with several factors, including whether children:

- live in older homes,
- are members of low-income families,
- are of Hispanic ethnicity,
- live in central Washington, or
- live close to historic orchard lands or lead smelters.

The study results indicated that an estimated 36,000 children under the age of six (8 percent of the total) live in areas designated the highest priority based on these and other risk factors. An additional 93,000 (20 percent) live in the second-highest priority areas.

ACTIONS TO REDUCE LEAD-BASED PAINT HAZARDS

Measures to reduce exposure to lead-based paint are built into Department of Commerce housing and community development programs in accordance with federal and state law. Some examples of how these measures are implemented in HUD-funded programs include:

- In the CDBG program, relevant activities are required to comply with lead-based paint guidelines, and lead-based paint is an area included in monitoring standards.
- CDBG also provides incentives, including allowing an additional $10,000 per household for housing rehabilitation projects that mitigate lead-based paint.
- In the HOME Tenant-Based Rental Assistance program, housing units to be occupied by clients must comply with lead-based paint requirements.
- All projects funded with HOME General Purpose or state Housing Trust Fund assistance are assessed for lead-based paint, and hazards are mitigated.

In addition to program-specific activities, the Department of Commerce has managed the state lead-based paint program since 2004. All contractors providing professional lead-based paint training or activities in Washington are required to be certified by the Lead-Based Paint Program. Along with accreditation of trainers offering lead-based paint training courses, Washington's program provides certification of lead-based paint professionals and firms and work practice standards for lead-based paint activities.

Antipoverty Strategy (91.315 (j))

1. *Describe the jurisdiction's goals, programs, and policies for reducing the number of poverty level families (as defined by the Office of Management and Budget and revised annually). In consultation with other appropriate public and private agencies, (i.e. TANF agency) state how the jurisdiction's goals, programs, and policies for producing and preserving affordable housing set forth in the housing component of the consolidated plan will be coordinated with other programs and services for which the jurisdiction is responsible.*

2. *Identify the extent to which this strategy will reduce (or assist in reducing) the number of poverty level families, taking into consideration factors over which the jurisdiction has control.*

GOALS, PROGRAMS AND POLICIES FOR REDUCING POVERTY

WorkFirst and TANF in Washington State

WorkFirst is Washington's program for helping children, families and individuals in poverty. Established in 1997, WorkFirst is intended to reduce poverty and help people get jobs and sustain economic independence, while at the same time protecting children and those who are unable to work.

The program is a partnership of five state agencies: the Department of Social and Health Services; the Employment Security Department; the State Board for Community and Technical Colleges; the Department of Commerce; and the Department of Early Learning, and also includes a network of 32 local partnerships that include community organizations, community and technical colleges, tribal governments, workforce and economic development agencies, and individual citizens.

The WorkFirst program requires most parents receiving Temporary Assistance for Needy Families (TANF) to seek, prepare for and accept employment. Families receive support through employment services, job training, and help with childcare, transportation, clothing and other work-related costs. The vast majority of families receiving TANF are single mothers with children. In 2008, two-thirds of WorkFirst parents that participated in job search programs, and over half of those participating in training programs secured employment, with a median wage of $9.82 per hour.

Between 1997 and 2007, TANF caseloads in Washington declined from nearly 96,000 families to under 50. As the economy has declined since 2007, caseloads have risen and are projected to pass 65,000 by January 2010. Additional detail on Washington State's goals, programs and policies related to reducing poverty is available in the current state TANF plan.

Meeting Basic Needs

In addition to families that qualify for TANF, substantial portions of the population earn incomes slightly above the poverty level. These families face significant barriers in finding and retaining adequate employment, including: transportation, particularly in rural areas; lack of childcare, especially for people that work nights and weekends; and affordable housing. Other challenges include job readiness and the ability to find jobs that offer career ladders.

In order to overcome poverty, it takes more than just employment. Low-income families need jobs that provide a living wage and opportunities to move up in the world. It is essential that, in addition to income, they are able to obtain the education, skills, support services, and assets that will enable them to advance economically.

Along with WorkFirst, Washington State has a number of other anti-poverty programs that provide support services to low-income families, including emergency food assistance, early education and childcare programs, energy assistance, and a variety of housing programs. Several of these programs, including the Emergency Food Assistance Program, the Low-income Home Energy Assistance program, and the state CDBG program, are administered by the Department of Commerce.

Measuring Self-Sufficiency Across Washington's Counties

The *Self-Sufficiency Standard for Washington State 2009*, developed by the University of Washington School of Social Work and the Workforce Development Council of Seattle-King County, measures the amount of income required by individuals and families to adequately meet basic needs. The analysis compares the minimum wage effective January 1, 2009 ($8.55 per hour) with the costs of housing, childcare, food, transportation, health care, taxes, and miscellaneous expenses. The report defines "wage adequacy" as "the degree to which a given wage is adequate to meet basic needs, taking into account the availability of various work supports – or lack thereof."

To calculate housing costs, the *Standard* uses the most recent Fair Market Rents (FMRs) and data from the 2000 Census and the 2007 American Community Survey. These rates include utility costs, except for telephone and cable. The wage adequacy rate for Washington State is updated annually and calculated for 70 different family types for all counties within the state.

The east King County area generally has the highest costs in the state for housing. The report concludes that a single adult earning minimum wage would have to spend 77 percent of their income on housing each month to afford an apartment at FMR. With costs factored in for food, transportation, healthcare, and miscellaneous expenses, and with a tax credit added to their income, this adult would need to earn at least $11.90 an hour to support him- or herself. An adult supporting either one or two children, working at minimum wage and also receiving additional tax credits for their children, would need to spend 93 percent of their income on housing.

In contrast, Franklin County has the lowest average costs for housing in the state. A single adult earning minimum wage would need to spend 31 percent of their income on housing. A parent supporting children would need to spend 39 percent to afford rent.

Kitsap County wage adequacy rates fall roughly in the median level for the state. There, a parent with two children who is working full time earning minimum wage would only earn 46 percent of the income needed to support his or her family. Even if this parent earned 200 percent of the Federal Poverty Level, or $17.34 per hour, they would still come up short, earning 89 percent of the amount needed to make ends meet. Once work supports such as Working Connections childcare subsidies, WIC (Women, Infants and Children supplemental nutrition program) and the Apple Health children's health insurance program are factored in, this parent would be earning 85 percent of wage adequacy at a minimum wage job, still below the level to meet basic expenses.

Only with the addition of housing assistance would this family come close to being able to adequately support itself. A Section 8 housing voucher would reduce the family's housing costs by $243, bringing their monthly costs to $451. Combined with the parent's income and the other work supports, the family would achieve 98 percent of wage adequacy. However, as the report notes, only one-fourth of the families eligible for federal housing assistance actually receive it. In March 2006, for example, there were 45,218 Section 8 housing vouchers authorized for Washington, a cut of 2,092 families assisted from the previous year.

REDUCING THE NUMBER OF FAMILIES IN POVERTY

In May 2007 the Department of Community, Trade and Economic Development (now the Department of Commerce) released a report titled *Challenging Poverty in Washington*. The report resulted from a multi-year effort that included gathering input from over 500 participants in community forums held in 14 locations across the state, and the formation of a Poverty Advisory Committee of leaders from state agencies and advocacy groups.

The report details the Poverty Advisory Committee's recommendations for providing basic needs for individuals and families in poverty, categorized into the following areas:

- Housing and ending homelessness
- Food and nutrition
- Transportation
- Health and mental health care

Rather than a strategic plan, the report served as a gathering point for information about poverty, strategies to mitigate its worst effects, and recommendation for further study and action. A number of initiatives suggested by the report have been undertaken in recent years, including expanding access to dental care for poor families, providing statewide coordination of emergency food assistance through the Department of Commerce's Emergency Food Assistance program, and expanding awareness of the Earned Income Tax Credit among poor families. The extent to which these and other programs will reduce the number of families in poverty is difficult to determine, especially given the current economic conditions in Washington.

SECTION 2: HOUSING

Housing Needs
Priority Housing Needs
Housing Market Analysis
Specific Housing Objectives
Public Housing Needs and Strategies
Barriers to Affordable Housing
Low Income Housing Tax Credit Coordination

Housing Needs (91.305)

1. *Describe the estimated housing needs projected for the next five year period for the following categories of persons: extremely low-income, low-income, moderate-income, and middle-income families, renters and owners, elderly persons, persons with disabilities, including persons with HIV/AIDS and their families, single persons, large families, public housing residents, victims of domestic violence, families on the public housing and section 8 tenant-based waiting list, and discuss specific housing problems, including: cost-burden, severe cost- burden, substandard housing, and overcrowding (especially large families).*

2. *To the extent that any racial or ethnic group has a disproportionately greater need for any income category in comparison to the needs of that category as a whole, the jurisdiction must complete an assessment of that specific need. For this purpose, disproportionately greater need exists when the percentage of persons in a category of need who are members of a particular racial or ethnic group is at least ten percentage points higher than the percentage of persons in the category as a whole.*

DEMOGRAPHICS

Population Growth

Washington is the 13th largest state with an estimated population of 6,668,200 in 2009. Though the rate of population growth has slowed in recent years it continues to outpace the national average as shown in Table 4.

Table 4: Population

Population	2000	2009	% increase
Washington	5,894,121	6,668,200	13.1%
U.S.	281,421,906	307,844,967	9.3%

Eighty percent of the state's growth since 2000 occurred in western Washington, with two-thirds concentrated in five urban counties: Clark, King, Pierce, Snohomish, and Thurston. In eastern Washington, almost 70 percent of growth occurred in four counties: Benton, Franklin, Spokane and Yakima. Overall, western Washington grew by 14 percent while eastern Washington grew by 11 percent.

Forecasts developed by the Office of Financial Management estimate that Washington's population will increase to 7,270,329 by 2015. This represents a projected increase of 9 percent from 2009, and 23.3 percent from 2000.

Poverty Rate

Since 2000 the percentage of Washington's population living in poverty rose, though at a slightly lower rate than the nation as a whole as shown in Table 5. The poverty rate for children showed the greatest increase of any age group, rising to almost 15 percent. The poverty rate for the elderly rose as well.

Table 5: Poverty Rate

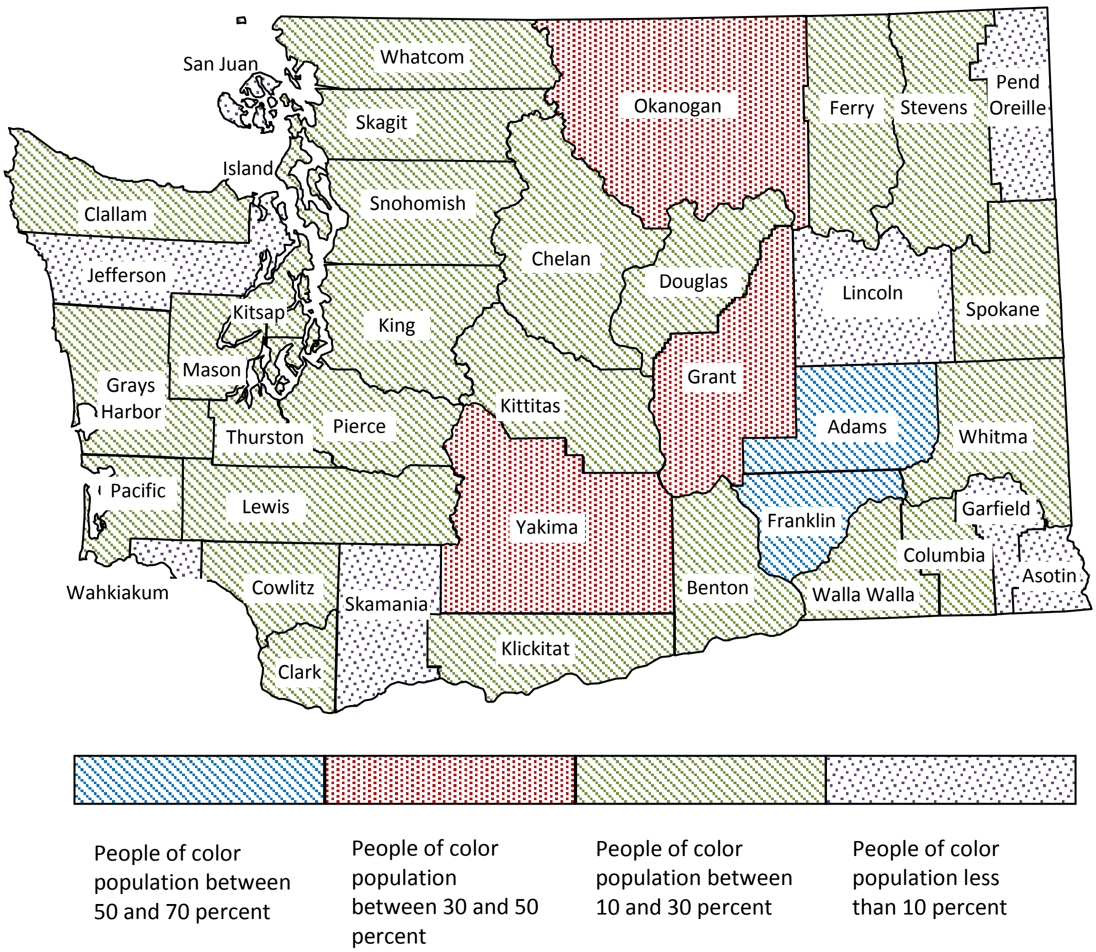
Poverty Rate	2000	2007	% increase
U.S. (all)	11.3%	13.0%	1.7%
Washington (all)	10.6%	11.8%	1.2%
-Children	13.2%	14.7%	1.5%
-Elderly	7.5%	8.3%	0.8%

Areas of the State with Racial/Ethnic Concentrations

According to 2008 data from the Office of Financial Management, Washington's population is 76.2 percent White, 3.4 percent Black/African American, 1.4 percent Native American, 6.9 percent Asian or Pacific Islander, 2.8 percent are of two or more races, and 9.3 percent are of Hispanic ethnicity. (Persons of Hispanic ethnicity can be of any race.)

Figure 2 shows the concentration of persons of color (those of Hispanic ethnicity or of races other than White) by county. This figure demonstrates that eastern counties, particularly Adams, Franklin, Grant, Okanogan and Yakima have higher concentrations of persons of color than the state as a whole.

Figure 2: Geographic Concentrations of Persons of Color

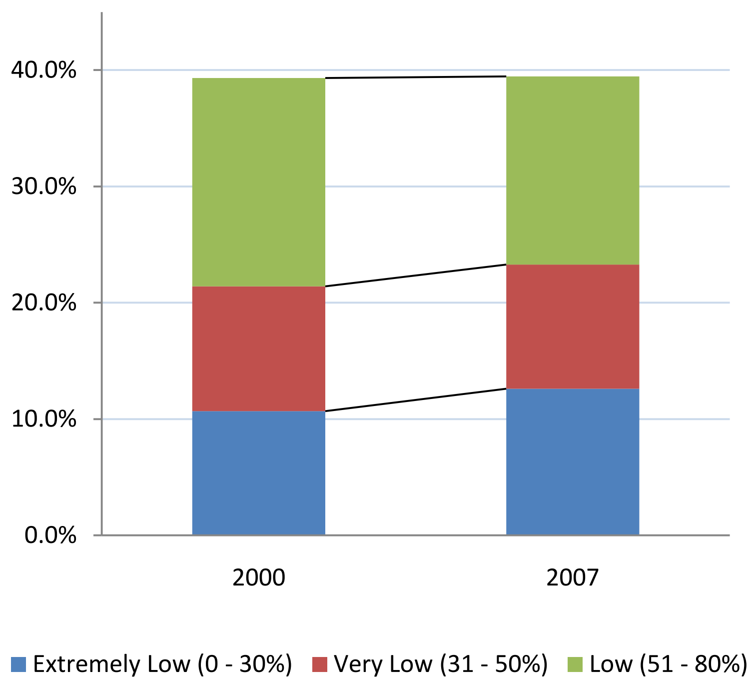


Income Distribution

Between 2005 and 2007 almost two-fifths of households in Washington State were estimated to be “low-income,” meaning they had incomes below 80 percent of the state median income.

Figure 3 shows that while the overall percentage of low-income households has remained fairly steady since 2000, the estimated number of “extremely low-income” households (below 30 percent of state median income) increased from 10.7 percent in 2000 to 12.6 percent in 2007. (These estimates are approximations, as different methodologies were used by HUD to collect 2000 and 2007 data, preventing perfect comparisons.)

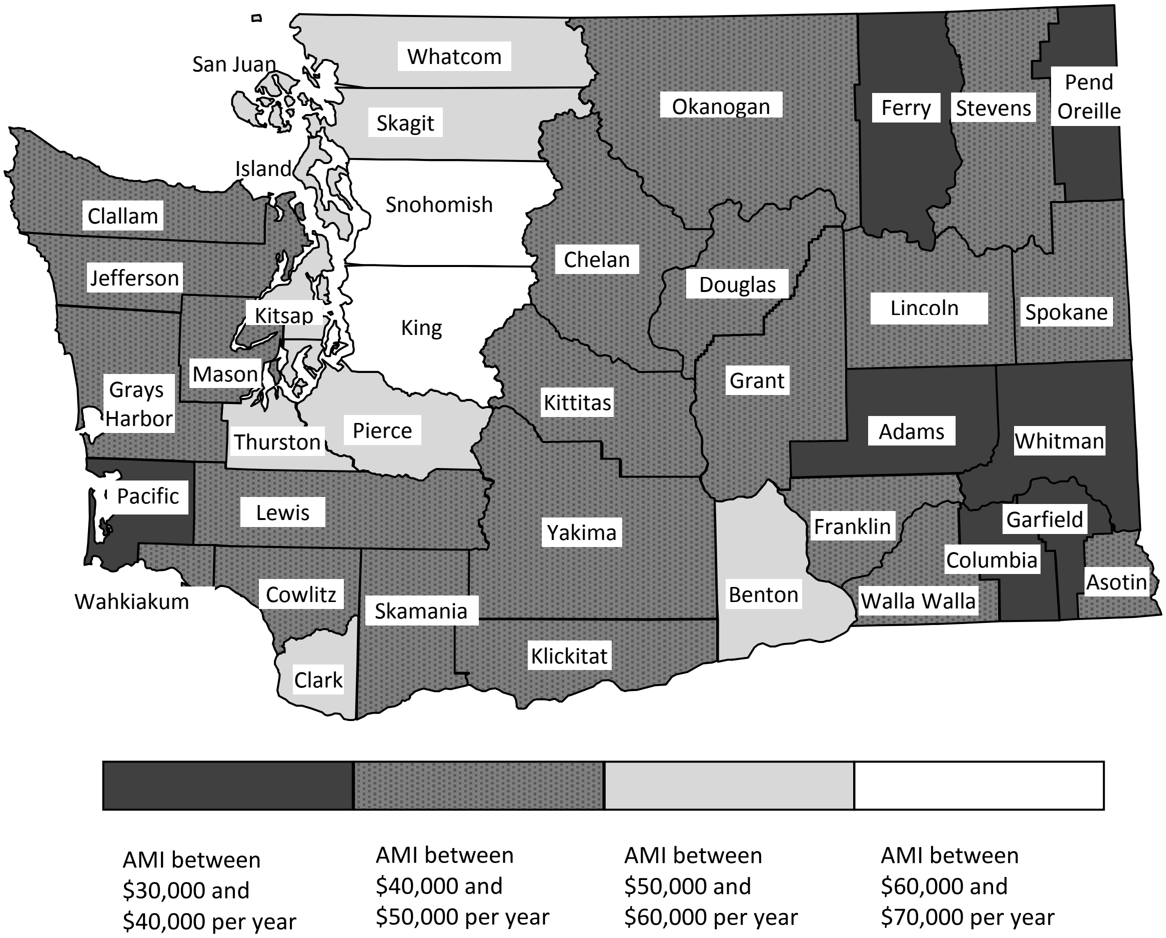
Figure 3: Distribution of Low-income Households



<u>Areas of the State with Low-Income Concentrations</u>

Figure 4 shows median income by county estimated by the Office of Financial Management for 2007 when the state median income was $59,119. Only three counties, Thurston, Snohomish and King, had median incomes above the state average. Of the state's seven poorest counties, six are in eastern Washington. All but six counties served by the state CDBG program had median incomes below $50,000.

Figure 4: Median Income by County



<u>Housing Affordability, 2000 to 2007</u>

One of the principal measures of housing need is the proportion of income spent on housing and utilities. A general rule, used by federal rental housing assistance programs for more than 25 years, is that housing is affordable if it costs less than 30 percent of a household's income. Households spending more than 30 percent of their income are defined by HUD as "cost burdened," and those spending more than 50 percent are "severely cost burdened."

The most complete source of data on housing affordability that captures all of the income and household categories required by HUD comes from the 2000 census. Table 6 shows that 29.6 percent Washington households were cost burdened, and 11.8 percent were severely cost burdened in 2000. (Approximately one-third of households fall in the category "any housing problem," which also includes substandard housing conditions or overcrowding.)

Table 6: Households by Type, Income, Housing Problems and Cost Burden, 2000

Households by Type, Income, Housing Problems and Cost Burden (2000)	Renter Households				Owner Households				All House-holds
	Elderly	Small Related	Large Related	Total Renters	Elderly	Small Related	Large Related	Total Owners	
Extremely Low-Income	35,185	50,235	12,300	**164,165**	35,728	19,900	5,185	**78,223**	**242,388**
% Any Housing Problem	64.8	83.9	92.6	**77.8**	70.8	80	89.2	**75.5**	**77.1**
% Cost Burdened	62.7	80.5	79.8	**74.8**	70.3	78.1	78.4	**73.7**	**74.4**
% Severely Cost Burdened	45.3	66	57.3	**60.4**	46.3	67.7	67.9	**56.9**	**59.3**
Very Low-Income	25,400	50,550	14,355	**138,540**	53,724	27,304	9,064	**105,122**	**243,662**
% Any Housing Problem	68	78.5	86.7	**77.6**	41	75.8	87.5	**58.3**	**69.3**
% Cost Burdened	66.2	71.7	56.1	**71**	40.8	73.6	74.8	**56.3**	**64.6**
% Severely Cost Burdened	29.6	18.4	12	**21.5**	18.5	48.5	41.3	**32.1**	**26**
Low-Income	21,425	72,694	18,658	**189,257**	80,923	75,255	26,629	**217,112**	**406,369**
% Any Housing Problem	47	38.9	59	**41.3**	23.6	63.3	70.6	**49.1**	**45.5**
% Cost Burdened	44.6	28.3	19.8	**32**	23.3	61	54.1	**45.9**	**39.5**
% Severely Cost Burdened	16.2	1.8	1.1	**3.7**	8.6	19.1	12.3	**14.8**	**9.6**
Not Low-Income	26,320	129,639	23,010	**311,174**	192,103	615,285	108,793	**1,066,531**	**1,377,705**
% Any Housing Problem	22.2	10.3	38	**11.8**	10.3	16.1	25.6	**17.1**	**15.9**
% Cost Burdened	19.5	2.9	2.1	**4.7**	10	14.8	13.8	**14.9**	**12.6**
% Severely Cost Burdened	7.8	0.1	0	**0.8**	2	1.6	1.3	**1.8**	**1.6**
All Households	108,330	303,118	68,323	**803,136**	362,478	737,744	149,671	**1,466,988**	**2,270,124**
% Any Housing Problem	51.7	40.7	63.8	**43.6**	23.8	24.9	39.6	**27.9**	**33.4**
% Cost Burdened	49.5	33.3	32.3	**36.9**	23.5	23.4	26.9	**25.6**	**29.6**
% Severely Cost Burdened	26.8	14.5	13.1	**17.2**	10.3	6.9	8	**8.9**	**11.8**

In Table 6 and throughout the Consolidated Plan "extremely low-income" means 0 to 30 percent of median income, "very low-income" means 31 to 50 percent of median income, "low-income" means 51 to 80 percent of median income and "not low-income" means above 80 percent of median income.

Table 6 also shows the relationship between housing affordability and income. Washington's poorest households, those earning less than 30 percent of area median income, were the most likely to be cost burdened. Three-quarters of extremely low-income households were cost burdened, and two-fifths were severely cost burdened in 2000. Washington's poorest households were four times more likely to have affordability problems than households earning 80 percent of family median income and above.

Overall, renters were 44 percent more likely than owners to be cost burdened, and 93 percent more likely to be severely cost burdened. Among extremely low-income households, owners and renters faced affordability problems equally. For households with very low-incomes (30 to 50 percent of median income), renters were more likely to be cost burdened than owners, while for households earning more than 50 percent of AMI, owners were more likely to be cost burdened. Family size was not a significant factor in cost burden in most income ranges.

Changes in Housing Affordability from 2000 to 2007

The American Community Survey (ACS) is conducted annually and provides the most up-to-date information about housing affordability. The ACS is limited in determining affordability for low-, very low- and extremely low-income households because it shows cost burden by *income range* rather than *percentage of median income*, and does not show severe cost burden. Still, while ACS data cannot replace data from the 2000 census, it can indicate changes that have taken place in the intervening years.

Table 7 shows the percentage of households in Washington that are cost burdened by income range, using results from ACS surveys conducted between 2005 and 2007. While these ranges don't overlap precisely with the low-, very low- and extremely low-income categories, they show that over four-fifths of Washington's poorest households were cost burdened. As a reference, the median household income during these years was about $54,000. Low-income households earned below $43,000, very low-income households earned below $27,000 and extremely low-income households earned below $16,000.

Overall, renters were 41 percent more likely than owners to be cost burdened. Among households earning less than $35,000, renters were more likely to be cost burdened, while for households earning $35,000 or more, owners were more likely to be cost burdened. This indicates a greater willingness for wealthier households to take on greater costs of homeownership, perhaps because doing so was seen as a form of investment during these years.

Table 7: Percentage of Cost Burdened Households, 2005-2007

Percentage of Cost Burdened Households by Income Range, 2005 - 2007	Renter	Owner	Overall
Less than $20,000	235,732	132,960	368,399
% cost burdened	87%	73%	83%
$20,000 to $34,999	185,522	186,468	370,872
% cost burdened	66%	51%	59%
$35,000 to $49,999	142,120	215,654	358,509
% cost burdened	28%	47%	40%
$50,000 to $74,999	132,759	353,478	484,605
% cost burdened	10%	36%	29%
$75,000 or more	107,228	728,036	835,697
% cost burdened	2%	13%	12%
Overall	851,017	1,621,460	2,472,477
% cost burdened	45%	32%	37%

While different methodologies in data collection prevent direct comparisons between Tables 6 and 7, the overall percentage of households with cost burden increased substantially between 2000 and 2007. For more detail, please see the Priority Housing Needs section.

PROJECTED HOUSING NEEDS IN 2015

Table 8 shows estimated housing needs in 2015 for the demographic and income categories in Table 6. Estimates were developed based on 2000 census data, updated using forecasts for the overall state population and elderly population developed by OFM. The following 10 steps were used to develop the estimate.

1. The baseline used was 2000 census data (see Table 6).
2. The total household count was changed based on OFM forecasts of state population growth, assuming the same ratio of households to population. All parts must sum to this total.
3. Projected total households were split into renters and owners, assuming the same ratio of roughly 65 percent owners.
4. The total number of renter/owner households in each income category was changed by applying the percentage of renter/owner households in the income category from 2000 to the projected number of renter/owner households in 2015.

5. The total elderly household count was changed based on OFM forecasts of elderly population, assuming the same ratio of households to elderly population.
6. Projected total elderly households were split into renter and owner, assuming the same ratio of roughly 77 percent elderly owners.
7. The number of elderly renter/owner households in each income category was changed by applying the percentage of elderly renter/owner households in the income category in 2000 to the projected number of elderly renter/owner households in 2015.
8. For each other category of renter/owner households, the number of households in each income category was changed by applying the percentage of renter/owner households in 2000 to the projected number of non-elderly households in the income category.
9. The percentage of households with housing problems, cost burden and severe cost burden were assumed to remain the same in 2015 as in 2000.

This methodology was chosen based on 24 CFR 91.305, which states, "The consolidated plan must provide a concise summary of the state's estimated housing needs for the ensuing five-year period. Housing data included in this portion of the plan shall be based on U.S. Census data, as provided by HUD, as updated by any properly conducted local study, or any other reliable source that the state clearly identifies…." Because this estimate assumes that the percentage of cost-burdened households remains the same, it may understate actual need.

Table 8: Projected Households by Type, Income, Housing Problems and Cost Burden, 2015

Projected Households by Type, Income, Housing Problems and Cost Burden (2015)	Renter Households				Owner Households				All House-holds
	Elderly	Small Related	Large Related	Total Renters	Elderly	Small Related	Large Related	Total Owners	
Extremely Low-Income	53,983	57,842	14,163	**202,496**	54,816	19,514	5,084	**96,487**	**298,983**
% Any Housing Problem	64.8	83.9	92.6	**77.8**	70.8	80	89.2	**75.5**	**77.1**
% Cost Burdened	62.7	80.5	79.8	**74.8**	70.3	78.1	78.4	**73.7**	**74.4**
% Severely Cost Burdened	45.3	66	57.3	**60.4**	46.3	67.7	67.9	**56.9**	**59.3**
Very Low-Income	38,970	58,939	16,737	**170,887**	82,427	25,095	8,331	**129,667**	**300,554**
% Any Housing Problem	68	78.5	86.7	**77.6**	41	75.8	87.5	**58.3**	**69.3**
% Cost Burdened	66.2	71.7	56.1	**71**	40.8	73.6	74.8	**56.3**	**64.6**
% Severely Cost Burdened	29.6	18.4	12	**21.5**	18.5	48.5	41.3	**32.1**	**26**
Low-Income	32,872	86,876	22,298	**233,446**	124,157	79,376	28,087	**267,805**	**501,251**
% Any Housing Problem	47	38.9	59	**41.3**	23.6	63.3	70.6	**49.1**	**45.5**
% Cost Burdened	44.6	28.3	19.8	**32**	23.3	61	54.1	**45.9**	**39.5**
% Severely Cost Burdened	16.2	1.8	1.1	**3.7**	8.6	19.1	12.3	**14.8**	**9.6**
Not Low-Income	40,382	156,305	27,743	**383,830**	294,737	718,290	127,006	**1,315,553**	**1,699,383**
% Any Housing Problem	22.2	10.3	38	**11.8**	10.3	16.1	25.6	**17.1**	**15.9**
% Cost Burdened	19.5	2.9	2.1	**4.7**	10	14.8	13.8	**14.9**	**12.6**
% Severely Cost Burdened	7.8	0.1	0	**0.8**	2	1.6	1.3	**1.8**	**1.6**
All Households	166,207	359,678	81,072	**990,659**	556,138	837,176	169,843	**1,809,512**	**2,800,171**
% Any Housing Problem	51.7	40.7	63.8	**43.6**	23.8	24.9	39.6	**27.9**	**33.4**
% Cost Burdened	49.5	33.3	32.3	**36.9**	23.5	23.4	26.9	**25.6**	**29.6**
% Severely Cost Burdened	26.8	14.5	13.1	**17.2**	10.3	6.9	8	**8.9**	**11.8**

For the projections in Table 8, the percentage of households with housing problems, cost burden and severe cost burden were assumed to remain the same in 2015 as in 2000. Based on this assumption, Table 9 shows the projected increase in the number of renter, owner and total households with any housing problems, cost burden and severe cost burden between 2000 and 2015.

Table 9: Projected Increase in Households with Housing Problems, 2000-2015

Projected Increase in Number of Households with Housing Problems from 2000 to 2015	Renter Households	Owner Households	All Households
Any Housing Problem	81,760	95,564	177,036
Cost Burdened	69,196	87,686	156,894
Severely Cost Burdened	32,254	30,485	62,546

Table 9 shows the need for 156,894 more affordable units by 2015 *beyond the additional units that were already estimated to be needed in 2000.* This projection likely understates actual need, which has increased over the last few years due to recent volatility in the housing market, rising unemployment rates, and changes in the labor market in Washington State.

Section 8 Housing Needs

Section 8 housing vouchers are a critical component of affordable housing for Washington's poorest families. As of September 2009, for example, 47,951 Housing Choice Vouchers issued by 34 Public Housing Authorities (PHAs) have served over 69,000 persons. In a typical month, PHAs provide over $15 million in assistance.

Despite this level of funding there is significant unmet need for Section 8 vouchers in Washington. Unmet need for vouchers and the length of waiting lists were frequently noted in responses to a recent survey of affordable housing stakeholders. Though precise statewide figures are not known, Section 8 waiting lists in many authorities have been closed. In one jurisdiction, the waitlist has been closed since 2001. In another, over 7,000 persons are waitlisted. PHAs with open waitlists report waiting periods from 1 to 5 years.

For additional discussion of changing market conditions, projections of housing needs other than affordability, and needs of persons with disabilities, please see the Housing Market Analysis, Community Development Needs and Non-Homeless Special Needs sections of the Consolidated Plan.

DISPROPORTIONATELY GREATER NEED BY RACE AND ETHNICITY

According to the HUD definition, disproportionately greater housing need exists within a particular income category when one or more racial or ethnic groups experience housing problems (including cost burden, housing condition and overcrowding) at a rate 10 percentage points higher than households in the income category as a whole.

Table 10, taken from HUD tabulations of 2000 Census data, shows the extent of housing problems in Washington overall and for five racial or ethnic groups: White, African American, Hispanic, Asian and Pacific Islander. Data for other racial or ethnic categories were not available. Table 10 demonstrates that disproportionately greater needs exist for several racial or ethnic groups in all income categories with the exception extremely low-income households. Disproportionately greater need is indicated by larger bold font and shading.

Table 10: Disproportionately Greater Needs by Race and Ethnicity, 2000

Disproportionately Greater Needs by Race and Ethnicity, 2000		Percentage of Households with Housing Problems					
	Income Group	**Overall**	**White**	**Afr. Am.**	**Hispanic**	**Asian**	**Pac. Isl.**
Renter Households	Extremely Low-Income	*78%*	78%	80%	86%	61%	82%
	Very Low-Income	*78%*	77%	79%	81%	81%	80%
	Low-Income	*41%*	40%	38%	**54%**	50%	**52%**
	Not Low-Income	*12%*	10%	12%	**31%**	**22%**	**26%**
	Income Group	***Overall***	**White**	**Afr. Am.**	**Hispanic**	**Asian**	**Pac. Isl.**
Owner Households	Extremely Low-Income	*76%*	75%	79%	84%	79%	58%
	Very Low-Income	*58%*	56%	**72%**	**78%**	**72%**	**68%**
	Low-Income	*49%*	46%	**70%**	**70%**	**67%**	**81%**
	Not Low-Income	*17%*	16%	25%	**31%**	**28%**	**29%**
	Income Group	***Overall***	**White**	**Afr. Am.**	**Hispanic**	**Asian**	**Pac. Isl.**
All Households	Extremely Low-Income	*77%*	77%	80%	86%	69%	79%
	Very Low-Income	*69%*	67%	78%	**80%**	78%	78%
	Low-Income	*46%*	44%	47%	**60%**	**59%**	**63%**
	Not Low-Income	*16%*	15%	20%	**31%**	**26%**	**28%**

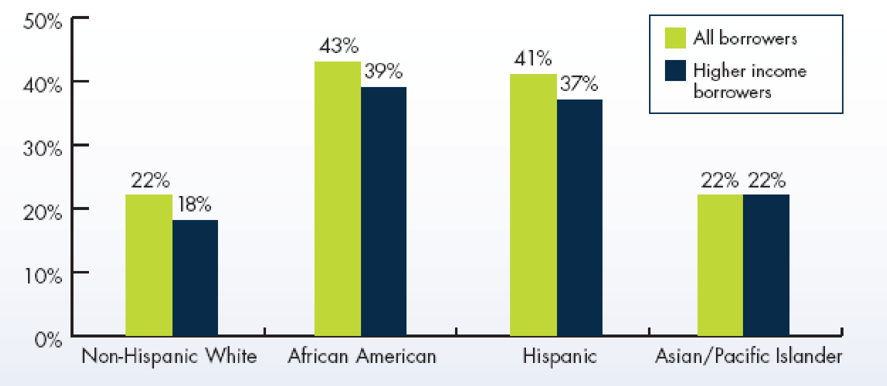
Table 10 shows that disproportionately greater need is more widespread for owner households than renter households. Among renters, Hispanic and Pacific Islander households earning over 50 percent of median income, and Asian households earning over 80 percent of median income have disproportionately greater need. Among owners, Hispanic, Asian and Pacific Islander households earning over 30 percent of median income, and African-American households earning between 30 and 80 percent of median income have disproportionately greater need.

One factor that contributes to the difference in disproportionate need between renter and owner households is a disparity in the number of high-cost mortgages held by African-American and Hispanic households compared to White households. As the housing crisis continues to develop, disproportionate need among homeowners could continue to grow. A recent policy brief on the subprime mortgage crisis issued by the Washington State Budget & Policy Center noted:

> [S]tark differences appear in loan pricing between racial and ethnic groups, suggesting that the impact of further deterioration in the housing market will likely fall disproportionately on African Americans and Hispanics. Over 40 percent of the mortgages lent to African Americans and Hispanics were high-cost, compared to around 22 percent for non-Hispanic whites and Asians.

Figure 5, taken from the policy brief, shows the racial and ethnic disparity in high-cost mortgages as of 2006. Though Asian and Pacific Islander borrowers had the same proportion of high-cost mortgages overall as White borrowers, the figure shows disparity for higher income borrowers, which corresponds with the data in Table 10.

Figure 5: Racial and Ethnic Disparity in High Cost Mortgages



Source: Budget & Policy Center analysis of HMDA data.

<u>Analysis of Impediments to Fair Housing Choice</u>

In 2007, the State of Washington contracted with the Fair Housing Center of Washington to prepare an updated *Analysis of Impediments to Fair Housing Choice* (AI). The Center is a nonprofit agency dedicated to ending illegal discrimination through the provision of education, outreach, and enforcement services to the residents of Western Washington. The center is a participant in HUD's Fair Housing Initiatives Program.

The *Analysis of Impediments* summarized federal, state and local fair housing laws, reviewed fair housing complaints and testing in Washington State and identified four categories of impediments to fair housing choice. The *Analysis* provided recommendations to address impediments to fair housing geared towards state agencies, local jurisdictions, nonprofit organizations and private parties. The following discussion summarizes some key findings from the analysis.

Fair Housing Complaints
Fair housing complaints filed from 2001 to 2006 increased compared to the previous analysis, which covered 1994 to 1995. Complaints per 100,000 persons statewide rose from 15 to 18, an increase of 20 percent. The rate of complaints increased in urban counties but remained the same in rural counties, resulting in a rate nearly three times higher in urban counties than rural.

The Fair Housing Center interpreted the increase in complaints as likely reflecting greater awareness of fair housing laws rather than an increase in housing discrimination, highlighting the importance of public awareness. Forty percent of federal fair housing complaints were estimated to have resulted from intake and investigation efforts by two nonprofit fair housing agencies.

The *Analysis of Impediments* examined 1,120 fair housing complaints from Washington filed with HUD between 2001 and 2006, and compared the ratio of complaints by protected class to national data for 2006. Fair housing complaints in Washington generally reflected national trends, except that complaints of race discrimination were 10 percentage points lower in Washington. Table 11 summarizes the results of this comparison.

Table 11: Federal Fair Housing Complaints, 2001-2006

Federal Complaints, by Protected Class	Nation (2006)	Washington State (2001 - 2006)
Disability	40%	45%
Race	39%	29%
Familial Status	14%	15%
Sex/Sexual Harassment	10%	9%
National Origin (all)	14%	15%
National Origin (Hispanic/Latino)	9%	10%
Religion	2%	3%
Color	1%	1%
Retaliation	6%	10%

Fair Housing Testing
Testing refers to the use of individuals who pose as prospective renters or purchasers to obtain information for the purpose of evaluating the compliance of housing providers with fair housing laws. Most testing is conducted to survey the housing market generally

for fair housing compliance. These are referred to as “audit-based” tests. “Complaint-based” tests are initiated in response to specific allegations of discrimination.

The *Analysis of Impediments* catalogued fair housing testing that had been conducted in Washington State by state, local and nonprofit agencies over the past several years. While individual tests varied in the incidence and extent of disparate treatment by protected class, the body of tests as a whole led the Fair Housing Center to the following conclusions:

- Complaint-based testing … consistently reflects the existence of disparate treatment of protected classes throughout Washington’s housing markets, particularly rental housing transactions, based on race, national origin, familial status and disability.

- Audit-based testing conducted to survey housing markets … consistently reveals disparate treatment of protected classes, especially African-Americans, Native Americans, citizens of Hispanic and Middle Eastern descent, persons with disabilities and families with children.

Fair Housing Impediments and Recommendations

The four categories of impediments to fair housing identified by the Fair Housing Center were:

- Housing discrimination continues to impede fair housing choice, especially in rental transactions, and primarily impacts persons of color, the disabled, and families with children.
- Home mortgage lending data show that Native American, African American, and Hispanic homebuyers are less likely to obtain mortgage financing and disproportionately likely to obtain sub-prime or predatory mortgage products.
- Fair housing choice is impeded by a lack of knowledge of fair housing laws and fair housing resources both among the general public and among policy makers.
- Public policies can impede fair housing choice.

Recommendations were also broken into four categories:

- Expand current education and outreach efforts.
- Continue on-going enforcement activities.
- Target homeownership and lending marketing to African American, Native American, Hispanic and disabled households.
- Ensure implementation of current housing and human services strategies.

For detail on complaints, testing, impediments and recommendations please see the full *Analysis of Impediments to Fair Housing Choice*.

Priority Housing Needs (91.315 (b))

1. *Identify the priority housing needs and activities in accordance with the categories specified in the Housing Needs Table (formerly Table 2A). These categories correspond with special tabulations of U.S. census data provided by HUD for the preparation of the Consolidated Plan.*

2. *Provide an analysis of how the characteristics of the housing market and the severity of housing problems and needs of each category of residents provided the basis for determining the relative priority of each priority housing need category.*

3. *Describe the basis for assigning the priority given to each category of priority needs.*

4. *Identify any obstacles to meeting underserved needs.*

PRIORITY HOUSING NEEDS

Developing priority areas of housing need at the state level presents a challenge because specific needs and market conditions vary within the state's 39 counties. The data presented in the 2010-2014 Consolidated Plan provides evidence of the geographic and economic diversity of the state and shows that a specific need can be high priority in one area but not another. Consequently, the Department of Commerce does not identify any activities as “low priority,” since doing so would remove the flexibility at the state level to respond to the particular housing and market needs of local communities.

While maintaining the flexibility to support local priorities is critical, the Department of Commerce recognizes that some urgent needs are common to many communities. Addressing such needs will be a focus over the next five years. The Department will encourage communities to develop projects that respond to these needs, especially through outreach and technical assistance, and allocate funding in a manner that emphasizes these priority needs consistent with established program guidelines. Statewide affordable housing priorities include:

- Extremely low- and very low-income renter households (earning less than 50 percent of median income) that are cost burdened.
- Homeless individuals and families, particularly those experiencing chronic homelessness.
- Persons with special needs (such as persons with severe mental illness, physical or developmental disabilities, the frail elderly and victims of domestic violence).
- Persons of racial or ethnic backgrounds that experience fair housing disparity.

Table 12: Priority Housing Needs

Priority Housing Needs		Priority Level	
		% of median income	★ = priority ✓ = eligible
Renter Households	Small Related	0-30%	★
		31-50%	★
		51-80%	✓
	Large Related	0-30%	★
		31-50%	★
		51-80%	✓
	Elderly	0-30%	★
		31-50%	★
		51-80%	✓
	All Other	0-30%	★
		31-50%	★
		51-80%	✓
Owner Households		0-30%	✓
		31-50%	✓
		51-80%	✓

Priority Special Needs	Priority Level ★ = priority ✓ = eligible
Elderly	✓
Frail Elderly	★
Severe Mental Illness	★
Developmentally Disabled	★
Physically Disabled	★
Persons w/ Alcohol or Drug	✓
Persons w/HIV/AIDS	✓
Victims of Domestic Violence	★
Other	✓

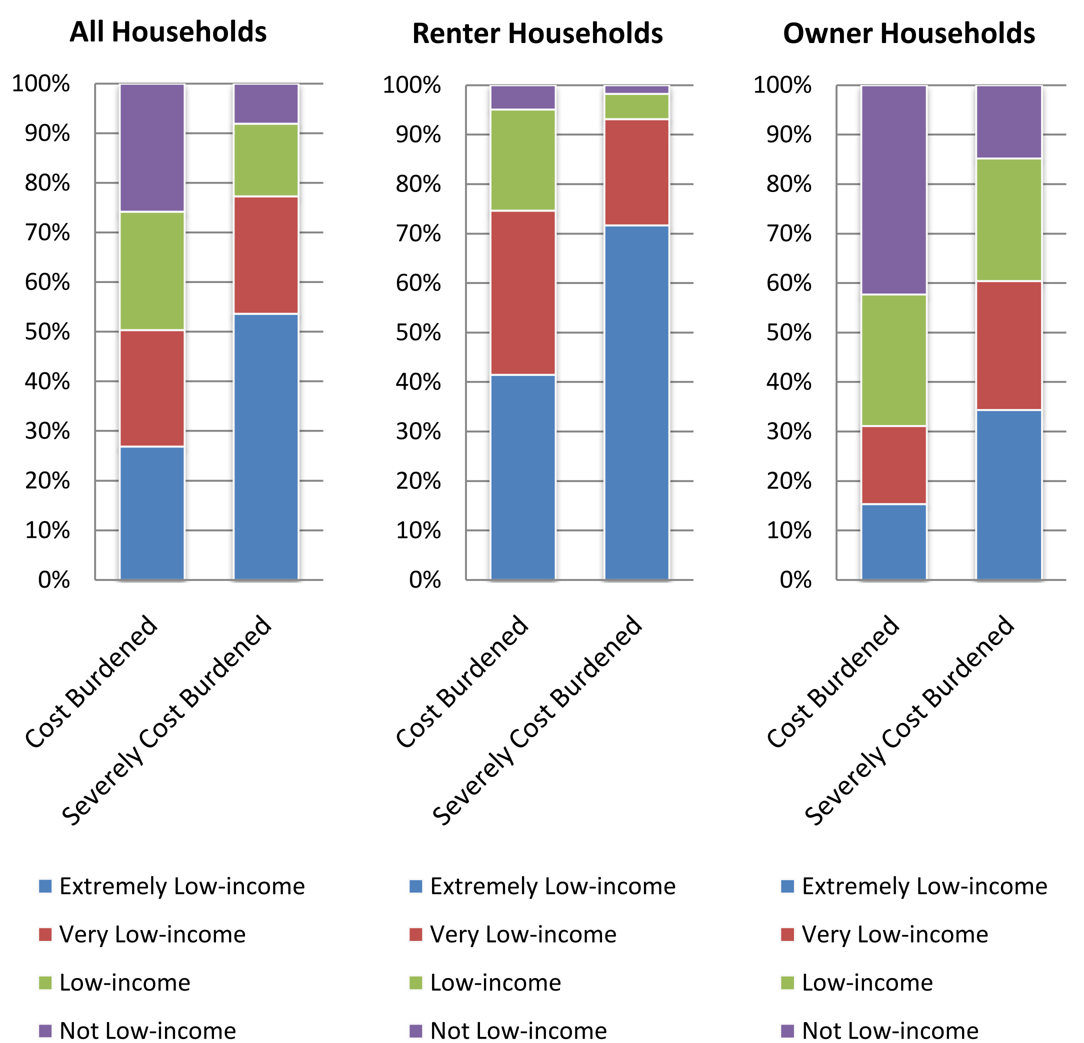
Table 12 is a required consolidated plan component and shows prioritization of housing needs. States are encouraged by HUD guidelines, but not required, to indicate relative levels of priority. In this table, ★ indicates needs that are high priorities statewide and ✓ indicates needs that are lower priority but still eligible for funding.

ANALYSIS OF PRIORITY HOUSING NEEDS

Data from the 2000 census show that while households in all income groups experience problems, extremely low- and very low-income households experience problems at much greater rates (see Table 6 in the Housing Needs section).

Figure 6 shows the proportion of all households, renter households and owner households experiencing cost burden and severe cost burden by income group. Over 50 percent of all severely cost burdened households, including over 70 percent of severely cost burdened renter households, are extremely low-income. Together, extremely low- and very low-income households constitute over 75 percent of all severely cost burdened households and over 90 percent of severely cost burdened renter households.

Figure 6: Cost Burdened and Severely Cost Burdened Households



Additional data presented in the Housing Market Analysis section shows that the average household making over 50 percent of median income could afford to pay fair market rents for average rental units in all counties. Though 32 percent of low-income renter households are cost burdened, these households have far greater capacity to afford market rate units than households with extremely low and very low incomes.

Taken together these figures show that extremely low- and very low-income renter households experience the most severe housing need statewide, and provide the quantitative basis for the Department of Commerce's prioritization of assistance.

BASIS FOR ASSIGNING PRIORITY

In addition to the data in the Housing Need and Housing Market Analysis sections, statewide housing priorities were determined based on a survey of affordable housing stakeholders, a review of studies, reports and plans related to housing, and public participation through letters and at the public hearing.

Survey of Affordable Housing Stakeholders
The HOME program, with the assistance of the Research Services unit of the Department of Commerce, conducted a survey of affordable housing stakeholders in May 2009. The survey was distributed through the HOME program's email list of over 300 stakeholders including fair housing agencies, local governments, housing authorities, housing developers, and state and federal agencies. A total of 83 responses (23 percent) were received.

Respondents were asked whether most needs, some needs or very few needs were currently being met in their community for each category on the HUD priority housing needs table. Respondents then indicated whether HUD funds should be prioritized to address each need. Table 13 shows the percentage of respondents who indicated that HUD funds *should* be used to address each need, sorted by the highest priority overall.

Four-fifths of respondents answered that HUD funds should assist extremely low-income renter households. Over 70 percent supported the use of HUD funds for persons

Table 13: Affordable Housing Needs Survey

Affordable Housing Needs	HUD funds should target this need
Renters making 0-30% AMI	**80%**
Homeless families	**72%**
Severe mental illness	**71%**
Homeless individuals	**70%**
Renters making 31-50% AMI	**68%**
Elderly	**64%**
Developmentally disabled	**63%**
Frail elderly	**63%**
Physically disabled	**57%**
Persons with alcohol/drug addictions	**55%**
Victims of domestic violence	**45%**
Persons with HIV/AIDS	**45%**
Homeowners making 31-50% AMI	**45%**
Homeowners making 0-30% AMI	**44%**
Homeowners making 51-80% AMI	**43%**
Renters making 51-80% AMI	**39%**
Ethnically/racially diverse persons	**38%**

with severe mental illness, homeless families and individuals. About two-thirds supported assisting the elderly, frail elderly, persons with developmental disabilities and very low-income renter households. The survey results reiterate the quantitative analysis of housing needs. Results also demonstrate a significant degree of consensus on priorities for the use of HUD funds among a variety of affordable housing stakeholders from communities across the state.

Please see the Homeless and Non-Homeless Special Needs sections for discussion of the housing needs of those populations.

OBSTACLES TO MEETING UNDERSERVED HOUSING NEEDS

Obstacles to meeting underserved housing needs include a lack of available funding for affordable housing, increased construction costs and the extent of housing needs statewide. Short- and long-term structural challenges confronting Washington's economy also present obstacles to meeting housing needs and are discussed in the Community Development Needs section.

Available Funding

Federal funding for affordable housing has, until recent stimulus efforts, declined. The ability of the state and local governments to secure revenue has also been limited because of statewide voter initiatives enacted in Washington in the past decade. These factors, along with the current economic climate, severely constrain capacity to meet housing needs. Near-record budget deficit projections for the 2009-2011 biennia, caused by the global financial crisis, have impacted state funding for the Housing Trust Fund.

The financial crisis has also caused a dramatic decline in the market for the federal Low Income Housing Tax Credits, an important source of funding for affordable housing projects. In Washington, a drop of 33 percent is expected in the number of affordable multifamily units to be built through the end of 2009, many of which were targeted for seniors and low-income citizens. The long-term impact to affordable housing projects in Washington may not be known until market conditions stabilize.

Construction Costs

A preliminary draft of an affordable housing cost study conducted in 2009 by the Department of Commerce found that the estimated cost of building materials for multifamily projects rose from $59 to $123 per square foot from 2002 to 2008, an increase of over 100 percent.

In addition to building materials, market conditions in general have increased costs for construction inputs such as land and wages. As costs increase and funding declines, the difficulty of meeting housing needs is exacerbated. The current financial crisis may relieve increased construction costs, at least in the short term, but costs are likely to remain an obstacle as the economy and housing market recover.

Extent of Housing Needs Statewide

The Washington Low Income Housing Alliance estimates there are currently 250,000 renter families in Washington who are cost burdened. Based on this figure, the preliminary draft of an affordable housing cost study being conducted by the Department of Commerce notes that with the current housing stock of 39,000 housing units for extremely low-income families, assuming a $100 million Housing Trust Fund appropriation per biennium and an average HTF contribution of $40,000 of dollars per unit, it would take 168 years to build enough housing to meet the needs of these families.

In addition, Table 9 in the Housing Needs section estimates that by 2015 up to 69,000 additional renter households will experience housing cost burden. These figures show that while construction costs and lack of adequate funding present obstacles to meeting affordable housing needs, the real obstacle is the magnitude of need across the state.

Housing Market Analysis (91.310)

1. *Based on information available to the jurisdiction, describe the significant characteristics of the housing market in terms of supply, demand, condition, and the cost of housing; the housing stock available to serve persons with disabilities; and to serve persons with HIV/AIDS and their families. Data on the housing market should include, to the extent information is available, an estimate of the number of vacant or abandoned buildings and whether units in these buildings are suitable for rehabilitation.*

2. *Describe the number and targeting (income level and type of household served) of units currently assisted by local, state, or federally funded programs, and an assessment of whether any such units are expected to be lost from the assisted housing inventory for any reason, (i.e. expiration of Section 8 contracts).*

3. *Indicate how the characteristics of the housing market will influence the use of funds made available for rental assistance, production of new units, rehabilitation of old units, or acquisition of existing units. Please note, the goal of affordable housing is not met by beds in nursing homes.*

SIGNIFICANT CHARACTERISTICS OF HOUSING MARKET

Data from American Community Surveys conducted between 2005 and 2007 show there are a total of 2,472,477 occupied housing units in Washington State. This represents an increase of roughly 200,000 occupied units (8.9 percent) from the year 2000. Population growth was roughly 8 percent during the same period.

Of the 2.47 million total housing units, 1.62 million (65.6 percent) are owner occupied and .85 million (34.4 percent) are renter occupied. Overall, 63.8 percent of units are single detached structures and 14.2 percent are in complexes of 10 or more units. About four-fifths of owner-occupied units are single detached structures, compared to only one-quarter of renter occupied units.

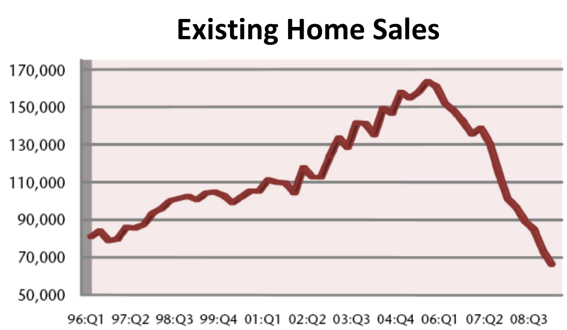
Recent Changes in Supply and Demand

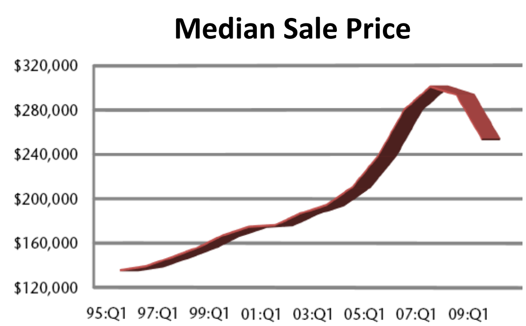
The period between 2000 and 2006 was marked by rapid acceleration in housing construction and prices. This "housing bubble" was fueled by low interest rates, changes in lending practices and a cultural shift that viewed housing as a secure investment commodity. Beginning in 2007, the collapse of the housing bubble contributed to a cascade of bank failures, mergers, and widespread federal receivership. This led to a tightening of lending practices and a reduction in available credit. Since 2007, Washington State has experienced a significant increase in the number of foreclosed properties, bankruptcies, short sales and an overall reduction of housing prices.

Trends in Washington's housing market are compiled by the Washington Center for Real Estate Research (WCRER) at Washington State University. For the first quarter of 2009, home sales were 30.6 percent lower than a year ago, new construction was 53.3 percent lower, and median prices were 13.7 percent lower.

The figures below, taken from WCRER's *Housing Market Report*, show the gradual rise in home sales and median prices over the last decade, and demonstrate the magnitude of the market collapse that is taking place. Rapid fluctuations in the housing market make it difficult to project market analysis over the short- to medium-term. As newer data are available, additional analysis of market conditions may be warranted.

Figure 7: Trends in Homes Sales and Median Sale Price





Homeownership Market Conditions

Homeownership levels in Washington peaked at 67.5 percent in 2005 and dropped to 66.2 percent in 2008, following a national trend where ownership declined from 69 percent in 2005 to 67.8 percent in 2008. The short-term trend for homeownership rates is likely to see further erosion due to the ongoing credit crunch and foreclosure crisis.

Homeownership Affordability

The Washington Center for Real Estate Research publishes overall homeownership and first time homebuyer affordability indices each quarter. Though homeownership rates have declined, these two measures of affordability have shown improvement since 2007.

For both indices, the scale of affordability centers on 100, with a lower score considered less affordable and a higher score more affordable. The overall index measures the ability of a typical family to make payments on median price resale home, assuming a 20 percent down payment and 30-year amortizing mortgage. The first-time buyer index assumes an income of 70 percent of area median, a home priced at 85 percent of median and a downpayment of 10 percent.

Table 14 shows both affordability indices in the first quarter of 2005, 2007 and 2009 and the change over four years. A county breakdown of these indices is available in Appendix B.

Table 14: WCRER Affordability Indices

WCRER Homeowner Affordability Indices	2005	2007	2009
Overall Affordability Index	113.6	88.3	125.5
% change from 2005	-	-22.3%	10.5%
First Time Buyer Affordability Index	66	51.8	73.3
% change from 2005	-	-21.5%	11.1%

The overall affordability index for Washington was lowest in 2007, began to improve in 2008, and by 2009 was 10.5 percent higher than 2005. Measured from 2007 to 2009 only, the overall affordability index rose by 31.7 percent. With a score of 125.5 in 2009, the overall index indicates that, on a statewide basis, homes are generally affordable to households earning area median income.

Following the same pattern, the first-time buyer index in 2009 was 11.1 percent higher than in 2005 and 41.5 percent higher than in 2007. Still, first-time homeownership remains unaffordable with a statewide score of 73.3. In 2009 only six counties (Adams, Benton, Grays Harbor, Mason, Pacific, and Yakima) had indices exceeding 100. For prospective first-time buyers in most parts of the state, homeownership too often remains unattainable.

Rental Market Conditions

There are 851,017 occupied rental housing units in Washington, based on the three-year average of American Community Survey results between 2005 and 2007. Of these, 257,858 (30.3 percent) are one-unit structures, 139,265 units (16.3 percent) are duplexes, triplexes or four-plexes, and 429,960 units (48.2 percent) are in complexes of five units or more. The remaining 5 percent of units are mobile homes or "other." During the survey years, an average of roughly 50,000 units, or 5.4 percent, were vacant and for rent. For a breakdown of rental units by type and county, please see Appendix B.

Affordability of Rental Units at Fair Market Rent

Rental housing is considered affordable if total costs including utilities are below 30 percent of income. Households paying more than 30 percent of income are considered cost burdened and those paying more than 50 percent are severely cost burdened.

One measure of rental housing affordability is the relationship between fair market rents and median income. The ratio provides an indicator of whether an average household can afford to rent an average unit in a community. Tables 15 and 16 show this ratio for one person renting a one-bedroom unit and a family of four renting a two-bedroom unit. These ratios were developed using county fair market rents and median incomes provided by HUD for 2009.

In each table, the ratio of fair market rent to income is shown for extremely low-income (0-30 percent of median), very low-income (31-50 percent of median) and low-income (51-80 percent of median) households. Each table lists the county or counties with the highest and lowest fair market rent, and provides an average for all counties. A complete breakdown by county is available in Appendix B.

Table 15: Affordability of a One-Bedroom Rental Unit for a Single Person, 2009

Affordability of a One-Bedroom Rental Unit for a Single Person	Fair Market Rent (FMR)	Median Monthly Income:		
		Extremely Low-Income	Very Low-Income	Low-Income
Highest FMR Counties *(King, Snohomish)*	$820	$1,425	$2,375	$3,800
% of Income Needed	-	58%	35%	22%
Lowest FMR County *(Pacific)*	$478	$921	$1,535	$2,456
% of Income Needed	-	52%	31%	19%
Average *(All Counties)*	$583	$1,037	$1,729	$2,766
% of Income Needed	-	56%	34%	21%

Table 16: Affordability of a Two-Bedroom Rental Unit for a Family of Four, 2009

Affordability of a Two-Bedroom Rental Unit for a Family of Four	Fair Market Rent (FMR)	Median Monthly Income:		
		Extremely Low-Income	Very Low-Income	Low-Income
Highest FMR Counties *(King, Snohomish)*	$987	$2,033	$3,389	$5,422
% of Income Needed	-	49%	29%	18%
Lowest FMR Counties *(Adams, Ferry, Pend Oreille)*	$619	$1,317	$2,194	$3,511
% of Income Needed	-	47%	28%	18%
Average *(All Counties)*	$728	$1,482	$2,469	$3,951
% of Income Needed	-	49%	29%	18%

These tables and appendices show that an average extremely low-income individual renting a fair-market unit would be severely cost burdened in all counties but one. On average, extremely low-income families of four would be severely cost burdened in 11 counties and be near severely cost burdened everywhere in the state. Very low-income individuals would on average be cost burdened in all but five counties. On average, very low-income families of four would be cost burdened in 10 counties and be near cost burdened everywhere in the state.

The average individual or family making 51 to 80 percent of median income, on the other hand, would pay between 18 and 22 percent of income for a fair market rent apartment, and therefore would not be cost burdened or severely cost burdened in paying fair market rent for an average unit anywhere in the state.

National Rental Market Dynamics

A recent HUD report, *Rental Market Dynamics: 2005-2007*, found that the strong housing market led to a nationwide decline of between 1.5 and 2 million rental units in the three most affordable categories—non-market rate (subsidized), extremely low-rent and very low-rent—between 2005 and 2007.

These units were either converted to higher rents, or left the rental market, perhaps due to the boom in home sales during the period in question. While data are not available to determine the number of units in these categories that have been lost in Washington, the nationwide figures suggest strongly that the number of affordable and available rental units has declined here as well and is vulnerable to market conditions.

Availability of Affordable Units for Very Low-Income Households

In April 2009, the National Low Income Housing Coalition, a nonprofit organization dedicated to assuring that low-income persons have affordable and decent housing, published estimates of the availability of rental housing for extremely low-income and very low-income households in Washington.

These estimates, drawn from the 2007 American Community Survey, showed that only 30 affordable rental units were available per 100 extremely low-income households and only 65 affordable units were available per 100 very low-income households. Based on the total number of renter households, the coalition calculated how many units were both *available and affordable* in Washington, and found a deficit of over 138,000 units for extremely low-income households, and 119,000 units for very low-income households. In terms of affordability alone, there was still a deficit of over 83,000 units for extremely low-income households statewide.

Age of Housing Stock

Age of housing stock is an important indicator that is linked to physical condition and reflects historical population changes in the community. Housing stock age also correlates with exposure to hazards such as lead-based paint and asbestos tiles and siding, since legislation over the last several decades has eliminated use of these products in residential construction.

Data from the 2005-2007 American Community Survey shows that roughly 30 percent of housing in Washington is less than 20 years old, 44 percent is 21 to 50 years old and 27 percent is more than 50 years old. Table 17 shows the percent of housing units built by decade, divided into owner- and renter- occupied units. A breakdown by county is available in Appendix B.

Table 17: Age of State's Housing Stock

Year Built	All Units	Owner-Occupied	Renter-Occupied
2000 or later	**11%**	12%	10%
1990 to 1999	**19%**	20%	16%
1980 to 1989	**15%**	14%	16%
1960 to 1979	**29%**	28%	33%
1940 to 1959	**15%**	15%	13%
1939 or earlier	**12%**	12%	12%

There are eight counties where more than 20 percent of the housing stock was built before 1939: Columbia, Garfield, Grays Harbor, Klickitat, Lincoln, Pacific, Walla Walla, and Whitman. These counties are likely to have greater need for home repair and rehabilitation, and residents may face greater risk of exposure to lead-based paint and asbestos.

In contrast, there are 14 counties where over 10 percent of the housing stock has been built since the year 2000: Benton, Clark, Douglas, Franklin, Island, Jefferson, Klickitat, Mason, Pierce, Skagit, Snohomish, Thurston, Whatcom, and Whitman. Franklin County has the highest ratio of recently built housing at 24.5 percent.

Physical Condition of Housing Stock

The physical condition of housing stock is important both for the health and safety of residents, and as an indicator of the need for weatherization. Houses that are not properly weatherized waste energy, costing residents extra money to heat and cool and contributing unnecessarily to global climate change. Two measures of physical condition of housing stock that are collected in the American Community Survey are whether a unit has complete plumbing and kitchen facilities.

Data from the American Community Surveys conducted between 2005 and 2007 show that the housing stock in Washington State is in generally good condition using these measures. Table 18 shows that statewide, less than 1 percent of occupied housing units lack complete plumbing or kitchen facilities, and few units lack telephone service or at least one bedroom. Table 18 also shows that owner-occupied units tend to be in better physical condition than renter-occupied units.

Table 18: Physical Condition of Housing Stock

Type of Condition	All	Owner-Occupied	Renter-Occupied
Complete plumbing facilities	99.5%	99.6%	99.4%
Complete kitchen facilities	99.3%	99.7%	98.4%
Telephone service	96.4%	98.1%	93.1%
At least 1 bedroom	99.4%	99.7%	95.7%

In several counties, however, the housing stock is in worse physical condition. Table 19 shows counties where two percent or more of housing units lack complete plumbing or kitchen facilities. In Okanogan and Kittitas counties, over 3 percent of units fell into both categories. A full breakdown of these measures by county is available in Appendix B.

Table 19: Counties with 2% or more of Housing Units Lacking Complete Facilities

County	Plumbing	Kitchen
Chelan	●	●
Douglas		●
Franklin		●
Kittitas	●	●
Mason		●
Okanogan	●	●
Pacific	●	●
Stevens	●	●
Walla Walla		●
Whatcom		●

Throughout the 2010-2014 Consolidated Plan, and for all rehabilitation activities undertaken with HUD funds, the following definitions are adopted. *Standard condition* is defined as housing that meets local building, fire, health and safety codes. *Substandard condition but suitable for rehabilitation* is defined as housing that does not meet local building, fire, health and safety codes but which is both financially and structurally feasible for rehabilitation.

Overcrowding

Data from American Community Surveys conducted between 2005 and 2007 found an average of 2.3 percent of housing units to be overcrowded (defined by HUD as occupied by more than 1.01 persons per room). Overall, 1.4 percent of owner-occupied housing units and 4.1 percent of renter-occupied units were overcrowded. A significant factor in overcrowding was age of residents. While less than 1 percent of seniors lived in overcrowded housing, 5.6 percent of renters and 2.9 percent of owners younger than 34 years old lived in overcrowded conditions.

Another factor in overcrowding is geographic location. Table 20 lists counties where more than 5 percent of renter- occupied units were overcrowded. A full breakdown is available in Appendix B.

Table 20: Counties with the Greatest Overcrowding

County	Renter-Occupied	Owner-Occupied
Franklin	20.0%	3.4%
Grant	13.0%	5.8%
Pacific	10.5%	1.4%
Skagit	9.6%	1.8%
Yakima	9.3%	4.4%
Douglas	9.3%	3.8%
Klickitat	8.4%	0.6%
Chelan	6.6%	1.8%
Grays Harbor	6.3%	1.5%
Walla Walla	6.2%	1.5%
Stevens	5.6%	2.5%
Okanogan	5.1%	2.5%
Benton	5.0%	1.7%
Washington State	4.1%	1.4%

Areas of overcrowding correspond to the population of permanent and migrant agricultural farmworkers in the state who frequently live in substandard housing conditions. The Washington State Farmworker Housing Trust Fund evaluated which counties have the highest proportion of farmworkers. Twelve counties have 93 percent of Washington's farmworker population, of which ten are among the counties with the most overcrowding: Franklin, Grant, Skagit, Yakima, Douglas, Chelan, Walla Walla, Okanogan, and Benton.

Vacancy Rates

Between 2005 and 2007 there were an average of 226,453 vacant housing units, which represent 8.4 percent of all housing units in Washington. Table 21 shows vacancy rates statewide. A breakdown by county is available in Appendix B.

Table 21: Vacant Housing Units in Washington

Vacant Housing Units	Number	Percent
Total Housing Units	**2,698,930**	-
Total Vacant Units	**226,453**	100%
Seasonal, recreational, or occasional use	69,601	30.7%
For rent	51,906	22.9%
For sale only	26,554	11.7%
Rented, not occupied	12,233	5.4%
Sold, not occupied	11,019	4.9%
For migrant workers	572	0.3%
Other/unknown	54,568	24.1%

While the physical condition of vacant units is not known, it is reasonable to assume that units in several categories are vacant for reasons other than poor physical condition. These categories include units for seasonal, recreational or occasional use only, units for rent or for sale, and units for migrant workers.

Removing these categories leaves about 77,000 vacant housing units that may be vacant due to need of significant repair. Of these, about 23,000 have been rented or sold but are not occupied, perhaps because they are undergoing repairs paid for by their owners or occupants. The 54,568 units vacant for "other reasons" could also be in need of rehabilitation. Data are not available to determine the number of vacant units that are suitable for rehabilitation, or the number that are beyond repair.

INVENTORY OF SUBSIDIZED AFFORDABLE HOUSING

In 2007 the Washington Legislature directed the Department of Commerce (then the Department of Community, Trade and Economic Development) to prepare an inventory of housing assistance programs. The department contracted with the Washington Low Income Housing Alliance to complete the inventory and develop an unduplicated count of affordable housing units in Washington. While work on the complete inventory is still underway the interim data summary, published in February 2009, represents the most comprehensive information on affordable housing units available at this time.

The interim data summary covers state and federally funded programs, Washington State Housing Finance Commission programs, programs funded by local governments and housing authority programs. The inventory details:

- Expenditures from fees and taxes specifically authorized by state law for housing assistance and homeless programs,
- Property tax and sales tax provisions that are intended to support housing assistance programs,
- Federally funded housing assistance programs provided in the state.
- A program's biennial appropriation and expenditure levels since the 1999-2001 biennium through the 2007-2009,
- Eligibility criteria and the amount of benefit provided per unit or per family,
- Number of units or families assisted.

Interim data show that over 2,800 affordable multifamily housing projects were developed in Washington between 1999 and 2008 totaling over 100,000 units. During the same time period over 420,000 individuals received voucher or supportive services including emergency shelter or transitional housing, tenant-based rental assistance or manufactured housing relocation assistance.

Although data in the interim summary are limited – some programs had yet to respond completely, and some records may be duplicated – the summary provides a preliminary breakdown of units by county showing income ranges and special needs of client populations are served.

HOME Program Units

Table 22 shows the number and income targeting of HOME-funded housing units. Over 85 percent of all HOME-funded units target extremely low- or very low-income households. Table 22 also demonstrates the increased priority placed on serving extremely low-income household during the years covered by the 2005-2009 Consolidated Plan.

Table 22: Income Targeting of HOME-Funded Unit

Income Level	Before 2004	2004-2008	Total
Extremely Low-Income	242	447	**689**
% of total	9.1%	26.7%	**15.9%**
Very Low-Income	2,007	1,066	**3,073**
% of total	75.7%	63.7%	**71.0%**
Low-Income	404	160	**564**
% of total	15.2%	9.6%	**13.0%**

Of units funded since 2004, 26.7 percent served extremely low-income households compared with 9.1 percent of units funded in earlier years, an increase of over 85 percent in the number of units. A lower proportion of units targeted at households earning above 50 percent of median income were funded, reflecting the greater ability of those households to find affordable fair market rent units.

Table 23 shows the number of HOME-funded housing units targeted to specific client populations through 2008. The "general households" category includes extremely low-, very low- and low-income households. A breakdown by county of income- and client-targeting in HOME-funded units is available in Appendix B.

Loss of Affordable Housing Units

Federal and state affordable housing programs require that subsidized units remain affordable for periods ranging from five to up to 40 years. As units reach the end of their affordability requirements, some property owners choose to convert away from affordability and rent units at market rates. Strong market conditions in Washington in recent years add to concerns that units will be lost from the affordable inventory.

Table 23: Client Targeting of HOME-Funded Units

Types of Units	Total
General Households	2,516
Elderly	1,371
Homeless Families	176
Chronically Mentally Ill	173
Homeless Individuals	127
Farmworker	81
Chemically Dependent	51
Physically Disabled	32
Survivors of Domestic Violence	9
Teen Parents	5

In 2002, the Washington State Housing Finance Commission (HFC) calculated that over 14,000 units financed by three major federal tax credit programs could potentially be lost by 2012. The HFC Preservation Program works to find innovative ways to preserve affordable housing units. Past successes include extending affordability agreements for over 1,000 units in “mark to market” projects.

More recent data suggest that over the next five years, subsidy contracts for almost 8,000 federally subsidized units will expire. Within the next ten years, 5,000 Low Income Housing Tax Credit units will also reach the end of their affordability covenants. With the exception of affordable housing that is part of a land trust, most affordable housing in the state has no guarantee of being permanently affordable since affordability requirements generally last for 40 years at most. Although many affordable housing owners may choose to maintain the properties as affordable in perpetuity, there is no requirement for them to do so.

MARKET INFLUENCE ON USE OF HUD FUNDS

The substantial deficit of available, affordable rental units for extremely and very low-income households is a central factor in the Department of Commerce’s decision to use HOME funds for Tenant Based Rental Assistance (TBRA) to households in those income categories. TBRA is the most cost-effective way to provide housing for these households, and is a particularly useful tool in rural communities where it is difficult to build subsidized affordable housing projects. TBRA can also provide assistance immediately to families or individuals in crisis, whereas subsidized rental units (such as those provided by Public Housing Agencies) often have long waiting lists.

Substandard housing condition indicates the importance of rehabilitation, since a substantial proportion of single family units in some counties lack complete plumbing or kitchen facilities. Along with age of housing, substandard housing conditions can indicate potential exposure to lead-based paint hazards. The wide variance of need between counties contributes to the decision to maintain housing rehabilitation as an eligible use for CDBG and HOME General Purpose funds, and local jurisdictions are able to prioritize this use as appropriate.

For information on the housing needs of persons with disabilities and persons with AIDS, including other market influence on use of HUD funds, please see the Non-Homeless Special Needs section.

Specific Housing Objectives (91.315 (b))

1. *Describe the priorities and specific objectives the jurisdiction hopes to achieve over a specified time period.*

2. *Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan.*

HOUSING OUTCOME OBJECTIVES

Program activities must further the HUD goal of developing viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities for low- and moderate income persons. HUD regulations also establish three objectives: sustainability, affordability and availability/accessibility. A proposed outcome must meet at least one national goal and objective.

Local governments are responsible for prioritizing projects to meet the greatest need in their communities and applying for funding from the HOME, ESG, HOPWA and CDBG programs. Therefore, actual program outcomes over the long term depend on the types of projects local governments propose.

Table 24 estimates housing outcomes during the 2010-2014 Consolidated Plan period. These estimates are projections based on estimated outcomes for 2010 as described in the 2010 Action Plan for the HOME, ESG, HOPWA and CDBG programs, and were developed from projects funded during past years. Actual outcomes will be tracked in HUD's Integrated Disbursement & Information System (IDIS) as projects are awarded and completed.

Table 24: Housing Outcome Objectives, 2010-2014

National Goal and Objective	Expected Outcomes by Program, 2010 - 2014	Description
Decent Housing		
Affordability, Sustainability & Availability/accessibility	**HOME GP:** 375 households	Support access to affordable and special needs housing in collaboration with the Housing Trust Fund and other funders
Availability/accessibility	**CDBG:** 375 households	Support access to affordable and special needs housing in collaboration with the Housing Trust Fund
Sustainability	**CDBG:** 125 households	Maintain housing stock by rehabilitating single family occupancy housing
Affordability	**TBRA:** 6,000 households **HOPWA:** 1,670 households	Create/preserve affordable housing and provide rental assistance
Suitable Living Environment		
Availability/accessibility	**ESG:** 100,000 persons	Provide emergency shelter and services

USE OF AVAILABLE RESOURCES

Table 25 shows anticipated HUD funds that will be used for affordable housing during the 2010-2014 Consolidated Plan period from the HOME, HOPWA and ESG programs and the CDBG Housing Enhancement fund.

Table 25: Anticipated HUD Funds, 2010-2014

Anticipated HUD Funds for Housing, by Program	Anticipated Funds, 2010	Anticipated Funds, 2010 - 2014
HOME Program	$10,248,322	$51,241,610
General Purpose	60%	60%
Tenant-Based Rental Assistance	40%	40%
Loan repayments	$500,000	$2,500,000
HOPWA Program	$671,500	$3,357,500
ESG Program	$1,370,843	$6,854,215
CDBG Housing Enhancement Fund	$1,000,000	$5,000,000
TOTAL	**$13,790,665**	**$68,953,325**

HOME Program Funds

HOME program funds, including loan repayments, will be split, with 40 percent allocated to Tenant-Based Rental Assistance (TBRA) and the remaining 60 percent allocated to the General Purpose fund. For additional information about the program, including methods of distribution for both funds, please see the 2010 Action Plan.

Tenant-Based Rental Assistance (TBRA)
The HOME Tenant Based Rental Assistance (TBRA) program will provide rental assistance and/or security/utility deposit assistance to households at or below 50 percent of median income, including those who are homeless or have special needs.

Eligible applicants are units of local government, public housing authorities and nonprofit community-based organizations. Applicants must have recent experience administering a state or federally funded rental assistance program, or may contract with an experienced organization or technical assistance provider to administer the program.

General Purpose
HOME GP funds will be used for multiple purposes including new construction,

rehabilitation and/or acquisition of rental housing units, and transitional and/or supportive housing projects serving people who are homeless or who have special needs and have income at or below 30 percent of the area median income (AMI). HOME GP funds will also be used to preserve and/or develop manufactured housing communities which include households at or below 50 percent of the local AMI.

The awarding of HOME GP funds will be coordinated with the state-funded Housing Trust Fund (HTF), as follows:

- Evaluation criteria will include needs of target population, project design, financial feasibility and organizational capacity.
- The Department of Commerce will work closely with local governments to identify local housing needs and coordinate the targeting of local, state and federal resources to address such needs.
- HOME GP funds will be used for grants and/or deferred loans, and will be administered directly by the local government, housing authority, or nonprofit receiving the funds.
- The Department of Commerce will be responsible for approval of all project draws through the certification of signed progress reports, building official inspections, or architect certificates of completion.

ESG, HOPWA and CDBG Program Funds

Please see the ESG, HOPWA and CDBG sections and the 2010 Action Plan for information about the use of program funds for affordable housing activities and the method of distributing funds.

Public Housing Needs and Strategies (91.315 (c))

In cooperation with the public housing agency or agencies located within its boundaries, describe the needs of public housing, including the number of public housing units in the jurisdiction, the physical condition of such units, the restoration and revitalization needs of public housing projects within the jurisdiction, and other factors, including the number of families on public housing and tenant-based waiting lists and results from the Section 504 needs assessment of public housing projects located within its boundaries (i.e. assessment of needs of tenants and applicants on waiting list for accessible units as required by 24 CFR 8.25). The public housing agency and jurisdiction can use the optional Priority Public Housing Needs Table (formerly Table 4) of the Consolidated Plan to identify priority public housing needs to assist in this process.

1. *Describe the public housing agency's strategy to serve the needs of extremely low-income, low-income, and moderate-income families residing in the jurisdiction served by the public housing agency (including families on the public housing and section 8 tenant-based waiting list), the public housing agency's strategy for addressing the revitalization and restoration needs of public housing projects within the jurisdiction and improving the management and operation of such public housing, and the public housing agency's strategy for improving the living environment of extremely low-income, low-income, and moderate families residing in public housing.*

2. *Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake to encourage public housing residents to become more involved in management and participate in homeownership. (NAHA Sec. 105 (b)(11) and (91.215 (k))*

3. *If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation. (NAHA Sec. 105 (g))*

PUBLIC HOUSING NEEDS AND STRATEGIES

A public housing authority (PHA) is an entity formed by a city, town or county to address housing needs in the local community. In Washington, PHAs are local entities over which the Department of Commerce has no direct oversight. The Department of Commerce is an investment partner on certain projects with public housing authorities, and certifies that PHA plans are consistent with the state consolidated plan where required by HUD regulations. There are over 30 active housing authorities across the state.

Property owned by housing authorities is exempt from all taxes or special assessments. Housing authorities enter into innovative partnerships with private, nonprofit agencies, and local governments to provide affordable housing. Several housing authorities in Washington have set up 501 (c) (3) nonprofit corporations to take advantage of federal programs not available to public housing authorities, gain operational flexibility by avoiding onerous regulations and generate resources that can be used to offset losses in federal programs caused by insufficient funding levels.

The majority of the households who live in public housing today have incomes well below 50 percent of AMI, and many fall below 30 percent of AMI. A large number of frail, elderly people and single individuals with disabilities live in housing authority units. As standards of care have evolved to discourage institutionalization for persons with mental health or developmental disabilities, PHAs have taken on much of the task of providing them with affordable housing.

Because PHAs are administered locally, statewide data are not available to the Department of Commerce to determine the number, physical condition or rehabilitation needs of units of public housing statewide.

A number of PHAs responded to the survey of affordable housing stakeholders conducted in May 2009. These responses frequently identified a lack of funding as the principle barrier to affordable public housing. The need for increased Section 8 rental assistance funding and the length of waiting lists was repeatedly mentioned, as was the need for increased availability of tax credits. One PHA reported thousands of persons on their waitlist and others have closed their lists due to the high level of demand.

PHAs can be designated "troubled" for substandard scores in one or more of these areas: management, financial, or physical. The Department of Commerce could assist agencies that are troubled due to physical deterioration of housing through rehabilitation, an eligible use of CDBG funds if the project were proposed by a local government. The Department of Commerce could also provide technical assistance with management or financial assistance upon request. Ongoing operation of PHAs, however, would not be an eligible use of HOME or CDBG funds. Further information about PHAs is contained in plans each authority submits to HUD, available on the HUD website.

Barriers to Affordable Housing (91.310 (d) and 91.315 (h))

1. *Explain whether the cost of housing or the incentives to develop, maintain, or improve affordable housing are affected by public policies, particularly those of the local jurisdiction. Such policies include tax policy affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment.*

2. *Describe the strategy to remove or ameliorate negative effects of public policies that serve as barriers to affordable housing, except that, if a State requires a unit of general local government to submit a regulatory barrier assessment that is substantially equivalent to the information required under this part, as determined by HUD, the unit of general local government may submit that assessment to HUD and it shall be considered to have complied with this requirement.*

POLICY BARRIERS TO AFFORDABLE HOUSING

Along with market forces, federal, state and local policies influence the provision of affordable housing. Federal economic policies affect migration and employment in Washington, leading to cycles of local market demand. Federal finance policies such as FHA mortgage insurance requirements, the federally chartered secondary mortgage market and lending regulations also have significant effects on housing. Federal housing policies regarding reductions in direct housing subsidies and income transfer payments impact the ability of lower-income people to afford housing.

Federal policies are by their nature outside the reach of State of Washington actions. Therefore, this section focuses on state and local policies which may affect housing affordability, in accordance with 24 CFR 91.310, which requires the Consolidated Plan to address barriers such as "tax policy affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment." The following discussion summarizes key issues on a statewide basis.

Taxation and Fiscal Policies

The State of Washington does not tax personal income, creating a strong reliance on other forms of taxation such as sales tax, business and occupation tax, real property tax, and special fees and assessments. While a full analysis of the impacts of this set of revenue sources is beyond the scope of this Consolidated Plan, it is important to note that limitations on state revenue sources constrain the ability of the state to provide affordable housing subsidies, and increase reliance on federal and local funding sources.

Local jurisdictions are also burdened by the state's revenue structure. A 2007 study titled *County Financial Health and Governance Alternatives* found that some counties with small tax bases cannot finance basic services within their maximum taxing structure. While Washington State and local city governments impose three forms of taxes (property tax, sales and use tax, and business and utility tax), counties are only able to apply two. County revenues can therefore be described as a "two-legged stool," a metaphor that also captures the instability associated with the absence of an income tax.

At the local level, Washington has more than 1,400 special-purpose districts, the highest number per capita of any state in the U.S. The large number of single-purpose special districts and the complex tax structure necessary to support them is seen as contributing to an absence of economies of scale and challenges with coordination, and may impact infrastructure capacity to support new housing development.

Mitigating these barriers are tax policies that function as incentives for building affordable housing in Washington state. For example,

- Earnings from rental property are not subject to state taxation.
- Property tax relief is available for qualified low-income elderly or disabled homeowners.

- Property tax exemptions are available for emergency shelters, transitional housing, and certain nonprofit owned or operated rental housing.
- Certain qualifying cities are authorized to create a multifamily local tax abatement program and to increase the length of the programs if the jurisdiction commits to specified affordability goals.

Land Use Controls

Growth Management
Washington's Growth Management Act (GMA) requires the 221 cities and 29 counties fully planning under the GMA to plan for capital facilities to support development, including affordable housing. Sources of funding for capital facilities must be identified in the comprehensive land use plan. GMA also requires that public facilities and services be provided concurrently with development. Counties and cities have a variety of sources to fund capital facilities, including impact fees on development.

Washington municipalities impose development fees and exactions upon developers as a means of insuring the provision of public facilities necessitated by new development. Impact fees have complex effects on housing prices and the costs they add to affordable housing projects, if any, are not known. As part of a recent study of affordable housing development costs, the Department of Commerce conducted a statewide survey of affordable housing developers that included questions about factors that increase costs and methods to reduce costs. Creating additional policies to reduce or waive impact fees on affordable housing developments received one of the highest ratings.

The GMA is also designed to direct growth to urban areas, preserving critical areas, agricultural and forested lands. Land use within urban growth areas can be constrained in ways that increase building costs. For example, in order to meet population density targets communities must sometimes redevelop land that has previously been built upon. Redevelopment challenges within urban growth areas include land assembly, clean up, dealing with existing structures, and providing or upgrading infrastructure, each of which can add costs to a project.

Environmental Policies
Communities in Washington State face a host of environmental regulations that affect new development of affordable housing, along with other projects. These regulations seek to preserve and improve the environmental quality of Washington's rich natural resources for the long term. However, in some cases they increase the short-term direct cost of building affordable housing.

State and local environmental review, modeled after the National Environmental Policy Act, has focused on the mitigation of impacts of individual projects. The project review often occurs late in the development process and can delay construction or add to requirements and associated project costs. This may be particularly true in cases where parcels zoned for affordable housing may have constraints such as unstable slopes, wetlands, past contamination, or other features that require additional site assessment, environmental review, and mitigation.

Local Zoning Ordinances and Building Codes
Zoning is a device of land use regulation used by local governments that may regulate the uses to which land may be put, or it may regulate building height, lot coverage, and similar characteristics, or some combination of these. The Affordable Housing Advisory Board's *Housing Advisory Plan 2005-2010* concluded, "Zoning and building codes continue to be overly complicated, and in many instances they discourage the density necessary to accomplish growth management goals."

The Washington State Building Code consists of a series of national model codes and standards that have been adopted by Washington to regulate the construction of residential, commercial, and industrial buildings and structures. The state code is enforced by the counties and cities, but local jurisdictions have considerable discretion to adopt amendments to the state code and thus may, in effect, create their own, local building codes. Such local building codes must be consistent with the state code and impose standards that are at least as stringent as those required under the state code. Furthermore, locally adopted amendments to the state code must be reviewed and approved by the Washington State Building Code Council.

While little research has been done in Washington on the effect of building codes on affordable housing, one national study indicates that building codes could increase the cost of housing by restricting the use of cost-effective materials and construction techniques or by conflicting with the rules of other enforcement agencies. However, the study concluded that these risks applied to only a fraction (less than 5 percent) of increased costs of producing housing, and that further research would be needed to determine the precise degree of the impact.

Other Policy Barriers

The length of time and cost involved in securing funding and permit approvals can constitute significant barriers for some projects. In some cases the process of obtaining all required funding, permits and approvals may add months or even years to the development timeline. During this period the developer must pay the explicit costs of funds borrowed to finance the development and staff retained to design it, as well as the implicit cost of revenues foregone as a result of the approval process delay. Due to a lack of a standardized statewide permitting process, Washington struggles with an expensive process of designing, siting, building and remodeling affordable housing.

STRATEGIES TO REMOVE BARRIERS

Jurisdictions planning under the Growth Management Act may enact or expand affordable housing incentive programs to provide for the development of low-income housing units through development regulations. These programs may include, but are not limited to:

- density bonuses within urban growth areas,
- height and bulk bonuses,
- fee waivers or exemptions,
- parking reductions,
- expedited permitting for projects with low-income housing units, and
- mixed-use projects.

The Affordable Housing Advisory Board recommends that local government should "continue to *simplify zoning and building standards* to reduce the cost of housing and to make it easier to achieve increased densities while preserving the quality and aesthetic character of communities."

Another strategy relies on zoning designed to encourage or incentivize affordable housing, known as "inclusionary zoning." Inclusionary zoning ordinances have been shown in at least one recent study to increase the availability of affordable housing and can include the following practices as well as others:

- Zoning bonuses, expedited permits, reduced fees, cash subsidies, or other incentives for developers who voluntarily build affordable housing.
- A set-aside, or percentage of units to be dedicated as affordable housing, typically between 10-30 percent of a development that is otherwise market-rate.
- Fees that can be paid in lieu of building inclusionary housing. Fees-in-lieu allow a developer to "buy out" of his/her inclusionary housing obligation.

Low Income Housing Tax Credit Coordination (91.315 (m))

1. *Describe the strategy to coordinate the Low-income Housing Tax Credit (LIHTC) with the development of housing that is affordable to low- and moderate-income families.*

Coordination of Low-Income Housing Tax Credit

The Washington State Housing Finance Commission (HFC) allocates Low-Income Housing Tax Credits (LIHTCs) throughout the state. The commission has a Qualified Allocation Plan that provides guidance on how the commission will administer the program, what priorities and preferences exist and what specific criteria are considered for awarding credit to projects. The current plan gives preference through set-asides and/or selection criteria to projects which:

- are located in areas of special need as demonstrated by location, population, income levels, availability of affordable housing and public housing waiting lists;
- set aside units for special needs populations, such as large households, the elderly, the homeless and/or the disabled;
- preserve federally assisted projects as low-income housing units;
- rehabilitate buildings for residential use;
- include the use of existing housing as part of a community revitalization plan;
- have received written authorization to proceed as a United States Department of Agriculture – Rural Housing Service multifamily new construction project approved by the commission;
- are historic properties;
- are located in targeted areas;
- leverage public resources;
- maximize the use of credits;
- demonstrate a readiness to proceed;
- serve tenant populations of individuals with children;
- are intended for eventual tenant ownership; and
- promote energy efficiency.

The Housing Finance Commission works in close partnership with the Department of Commerce and other public funders as they evaluate and underwrite applications for funding to develop low-income housing and participate on their credit committees. Commission staff are members of key Department of Commerce stakeholder committees, including the Affordable Housing Advisory Board and Policy Advisory Team. In addition, the director of the Department of Commerce serves as a voting member of the HFC.

The HFC also works with a group of federal, state and local government representatives to develop methods of streamlining the processing of affordable housing projects through the LIHTC and other programs. The following are current coordination strategies for use of the LIHTC to develop housing that is affordable to low-income and moderate-income families.

- Both tax credit projects and Department of Commerce Housing Trust Fund projects are rent- and income-restricted for up to 40 years.

- Points are awarded for increasing the percentage of LIHTC units set aside for lower income populations, or for serving special needs populations including the homeless.
- LIHTC prioritizes projects in conjunction with other public funders by awarding scoring points for leveraging of public funds and readiness of projects to begin development. Points are awarded to projects with substantial funding commitments from other public sources. This allows local governments to direct their funding commitments to projects that best meet their respective funding priorities while at the same time enhancing a project's scoring for eligibility for the LIHTC.
- The LIHTC program requires consistency with state and/or local Consolidated Plans. The developer of a project must demonstrate that his or her project is in compliance with the local housing plans in the proposed project area.
- The Department of Commerce and the Commission collaborate on ways to use LIHTC and Housing Trust Fund resources to serve agricultural workers.
- The Department of Commerce and the Commission are collaborating on ways to continue previous success in investing LIHTC and Housing Trust Fund dollars to develop affordable housing in the rural areas of the state. LIHTC set-asides exist for rural housing and development.

SECTION 3: HOMELESS

Homeless Needs
Priority Homeless Needs
Homeless Inventory
Homeless Strategic Plan
Emergency Shelter Grants

Homeless Needs (91.305 (c) and 91.315 (d))

Homeless Needs— The jurisdiction must provide a concise summary of the nature and extent of homelessness in the jurisdiction, (including rural homelessness and chronic homelessness where applicable), addressing separately the need for facilities and services for homeless persons and homeless families with children, both sheltered and unsheltered, and homeless subpopulations, in accordance with Table 1A. The summary must include the characteristics and needs of low-income individuals and children, (especially extremely low-income) who are currently housed but are at imminent risk of either residing in shelters or becoming unsheltered. In addition, to the extent information is available, the plan must include a description of the nature and extent of homelessness by racial and ethnic group. A quantitative analysis is not required. If a jurisdiction provides estimates of the at-risk population(s), it should also include a description of the operational definition of the at-risk group and the methodology used to generate the estimates.

NATURE AND EXTENT OF HOMELESSNESS

What is Known from the 2009 Point-in-Time Count

A total of 22,827 people were reported homeless in the second statewide point-in-time count that took place during the last week of January 2009, a 3.9 percent increase over the 2006 count. Table 26 shows results from the 2009 point-in-time count.

Table 26: 2009 Point-In-Time Count Results

Homeless Population	Sheltered		Unsheltered	TOTAL
	Emergency	Transitional		
Homeless Families with Children	787	2,293	385	3,465
Persons in Families w/ Children	2,435	7,163	1,098	10,696
Homeless Individuals	4,279	2,405	5,447	12,131
TOTAL (lines 1 and 2)	**6,714**	**9,568**	**6,545**	**22,827**

Homeless Subpopulations	Sheltered	Unsheltered	TOTAL
Chronically Homeless	1,627	913	2,540
Mental Health	2,429		
Substance Abuse	2,589		
Veterans	985		
Persons with HIV/AIDS	152		
Victims of Domestic Violence	2,349		
Unaccompanied Youth	211		
Children in Families	5,658	593	6,251
Physically Disabled	1,700		
Agricultural Workers	67		
Substance and MH	984		
Seniors	283		

Almost 600 more individuals in families with minor children were counted as homeless, and 280 more individuals without children were counted as homeless than in 2006. Of those counted in 2009, 16,282 were in emergency shelters or transitional housing, and 6,545 were unsheltered (living outside or other places not meant for human habitation).

The count found 2,540 people considered "chronically homeless." As defined by HUD, a chronically homeless person is an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or has had at least four episodes of homelessness in the past three years.

Among homeless persons that were sheltered 2,429 (10 percent) identified a mental health disability, and 2,589 (11 percent) reported a substance abuse problem. Data collection methods varied between counties and collection points, so these numbers are self-reported and likely significantly undercount the actual problem.

Only 211 unaccompanied youth aged 17 and under were enumerated in the point-in-time count. Many homeless youth are "couch surfing" and thus not homeless under the HUD definition, although they are homeless under the federal Department of Education (DOE) definition. Using the DOE definition, schools in Washington State counted 16,853 homeless youth during 2007.

Six percent (985) of the persons counted in emergency and transitional housing indicated that they were veterans. This number does not include unsheltered veterans, since many point-in-time counts do not ask homeless persons about their veteran status. When extrapolating the count of sheltered veterans to unsheltered homeless persons, the results are a count of 1,683 homeless veterans.

The annual homeless veterans' population in Washington is estimated at 6,280 by the Community Homelessness Assessment, Local Education and Networking Group (CHALENG) for veterans. Data collected during the 2007 CHALENG process are from questionnaires completed by Veteran's Administration staff, community providers, and homeless veterans. National studies show that 22 percent of homeless persons are veterans.

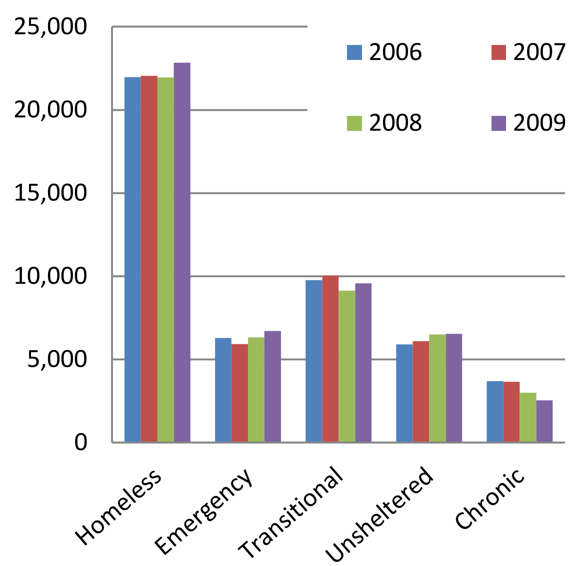
What Is Not Known

The point-in-time count data does not indicate how many people become homeless over the course of a year. Based on the Washington point-in-time count and national research, over 87,000 people are estimated to experience homelessness in Washington per year. As better data is collected by the Homeless Management Information System (HMIS), the relationship between how many people are homeless at a point in time versus the total number that are homeless during a year will become more clear. Factors to examine include the seasonality of homelessness and the percentage of homeless people that are homeless briefly versus those who are homeless for long periods of time.

Trends in Point-in-Time Counts

Figure 8 illustrates the results of point-in-time counts conducted annually in January from 2006 to 2009. While it is difficult to draw conclusions from four years worth of data, the decline in chronic homelessness may reflect the considerable resources that have been directed to addressing this need. The current turmoil in housing markets nationwide may likewise be a contributing factor to the increased number of homeless persons counted in 2009.

Figure 8: Trends in Point-In-Time Counts



Rural Homelessness

Quantifying the extent of rural homelessness in Washington is complicated by the federal definition of homeless. A fact sheet published by the National Coalition for the Homeless in June 2008 describes the problem:

> Understanding rural homelessness requires a more flexible definition of homelessness. There are far fewer shelters in rural areas than in urban areas; therefore, people experiencing homelessness are less likely to live on the street or in a shelter and more likely to live in a car or camper, or with relatives in overcrowded or substandard housing. Restricting definitions of homelessness to include only those who are literally homeless – that is, on the streets or in shelters -- does not fit well with the rural reality, and also may exclude many rural communities from accessing federal dollars to address homelessness.

During the point-in-time counts, many smaller counties attempted to count persons temporarily living with family or friends, commonly known as "doubled-up" or "couch surfers." Although this population is not considered homeless under the federal definition, they are considered homeless by the federal Department of Education, and are eligible for services under state-funded homeless programs. People temporarily living with family or friends are not included in the 2009 point-in-time count of 22,827.

Homeless Families and Children

The January 2009 point in time count found a total of 6,462 homeless youths (aged 0-18 years). Of these, 5,658 were residing in shelters, 593 were unsheltered and 211 were other unaccompanied youth. Youth that were temporarily living with friends or relatives are not included in this total.

To understand the extent of childhood homelessness, it is again necessary to go beyond the point-in-time count. In December 2008, the Department of Commerce released the *Ten-Year Homeless Plan: 2008 Annual Report*, which contained an analysis of childhood homelessness based on the 2007 point-in-time count and data from the Office of the Superintendant of Public Instruction (OSPI).

The OSPI homeless data for the 2006-07 school year identified 16,853 homeless children in Washington's school system. This total includes 9,494 youths that were "doubled-up," meaning those living temporarily with friends or relatives. The total minus those who were doubled-up was 7,359. Of these, 5,132 were identified as being in shelters, 996 were unsheltered, and 1,231 were identified as being in hotels/motels. For the 2007-08 school year, districts around the state reported 18,670 homeless students, a increase of more than 10 percent from the previous year. At the time of publication, the numbers of those doubled-up, sheltered, and non-sheltered youth were not available.

Comparing the totals between the OSPI 2006-07 school year numbers to the 2007 point-in-time count, the following differences emerge:

- OSPI identified 190 more unsheltered youths
- The point-in-time count identified 517 more sheltered youths
- Overall OSPI identified 9,848 more homeless youths than the point-in-time count
- Not including those counted as doubled-up, OSPI identified 354 more homeless youths
- Not including doubled-up *or* those in hotels/motels, the point-in-time count identified 877 more homeless youths.

In addition to children who are already homeless, poor children and families have a significant risk of experiencing homelessness in the immediate future. According to *The State of Washington's Children 2008-2009: Poverty and the Future of Children and Families in Washington State*,

> 226,000 children in Washington live in a family with an income below the federal poverty line – $21,200 for a family of four in 2008. An additional 300,000 children live in families with incomes between 100 and 200 percent of the federal poverty line. All told over half a million of Washington's children – one in three – are living in families that have difficulty making ends meet on a daily basis.

Poverty in Washington State disproportionately affects young children. According to the 2007 American Community Survey, 18 percent of children between birth and age five live in poverty, and 14 percent of children between the ages of 6 and 17 years. This contrasts with 11 percent of those age 18 to 64 years, and 8 percent of those age 65 and older.

Poverty also disproportionately affects children of color. More than one in three Native Hawaiian/Pacific Islander and Black/African American children experience poverty (39 percent and 34 percent, respectively). Thirty-two percent of American Indian/Alaskan Native and 30 percent of Hispanic children live in poverty. The averages for White children and Asian children are the same, at 10 percent. However, because the White population is over three-quarters of the state's population, the number of White children living in poverty are the greatest for any racial group.

A national report, *America's Youngest Outcasts: State Report Card on Child Homelessness* reveals that Washington ranks 39th in the nation for the number of homeless children, and 35th for the extent of child homelessness (figures are per capita, with 1st being the least child homelessness and 50th being the greatest). Out of the 242,000 children living in poverty in Washington, 10 percent were estimated to be homeless. The Report Card gives Washington good marks for planning efforts however, noting that the state developed the *Ten Year Homeless Plan* in 2006 containing "an extensive focus on children and families experiencing homelessness." Washington's "extensive" planning, one of only six states to achieve this grade, brings its overall rank to 25th in the country.

Nature and Extent of Homelessness by Race/Ethnicity

The annual point-in-time count does not capture race and ethnicity, and no other complete data source is available for Washington. The best sources of information on the race and ethnicity of homeless persons available was found in data collected by state- and federally- funded shelter and transitional housing programs.

The Emergency Shelter Assistance Program collects information on the racial and ethnic breakdown of individuals served by local shelters. By comparing the data from fiscal years 2006 through 2008 with population data from the state Office of Financial Management, it is possible to determine which racial and ethnic groups are disproportionately served by emergency shelters.

This data set, while limited, shows that incidences of homelessness are not proportional to race and ethnicity in Washington. Table 27 compares race and ethnicity of clients served by emergency shelter programs compared to the state's population.

While non-Hispanic Whites compose approximately 76 percent of the state's population, they comprised 53 percent of the individuals served by the emergency shelters in the two programs. Asian/Pacific Islander citizens are about 7 percent of the state's population, but average only 3 percent of the individuals in emergency shelters.

Hispanics, American Indian/Alaskan Natives, and African-Americans show the largest proportionate disparity between population numbers and emergency shelter clients. Hispanic individuals are approximately 9 percent of Washington's population, but 12 percent of the residents of emergency shelters. American Indian/Alaskan Native persons represent 2 percent of the population, but total 5 percent of the emergency shelter users. African-Americans comprise 4 percent of the state's numbers, but average 20 percent of individuals in emergency shelters – meaning that there are five times as many African-Americans in emergency shelters as their population numbers would suggest.

Table 27: Race and Ethnicity of Homeless Shelter Clients, 2006-2008

	State Population	ESAP Clients
American Indian/Alaska Native	2%	5%
Asian/Pacific Islander	7%	3%
Black/African-American	4%	20%
Hispanic/Latino	9%	12%
White	76%	53%

Priority Homeless Needs

1. *Using the results of the Continuum of Care planning process, identify the jurisdiction's homeless and homeless prevention priorities specified in Table 1A, the Homeless and Special Needs Populations Chart. The description of the jurisdiction's choice of priority needs and allocation priorities must be based on reliable data meeting HUD standards and should reflect the required consultation with homeless assistance providers, homeless persons, and other concerned citizens regarding the needs of homeless families with children and individuals. The jurisdiction must provide an analysis of how the needs of each category of residents provided the basis for determining the relative priority of each priority homeless need category. A separate brief narrative should be directed to addressing gaps in services and housing for the sheltered and unsheltered chronic homeless.*

2. *A community should give a high priority to chronically homeless persons, where the jurisdiction identifies sheltered and unsheltered chronic homeless persons in its Homeless Needs Table - Homeless Populations and Subpopulations.*

Homeless and Homeless Prevention Priorities

The State of Washington's Ten-Year Homeless Plan outlines statewide goals and performance measures necessary to end homelessness, with a minimum goal of reducing homelessness by 50 percent by July 1, 2015. The plan was created in consultation with the Interagency Council on Homelessness (ICH), the Affordable Housing Advisory Board (AHAB), the State Advisory Council on Homelessness (SACH), the Washington State Coalition for the Homeless (WSCH), and service providers and stakeholders.

The *Ten-Year Homeless Plan: 2008 Annual Report* outlines the following high-level strategies to reduce and eliminate homelessness:

- *Create the equivalent of 12,000 new beds* to house homeless persons. Use private-market housing to provide at least 35 percent of the new beds. Provide the majority of new beds through short-term rent assistance to prevent homelessness or quickly re-house people facing homelessness in permanent housing.

- *Improve effectiveness of existing and future investments* (as measured by income increases and homeless recidivism) by implementing best practices; coordinating housing with education, mental health and chemical dependency treatment, state and federal benefits, and institutional discharge; and adding services as needed.

- *Collect client data to measure outcomes* at the project, program, county, and state levels to verify plan assumptions and measure success.

- *Assess people facing homelessness* to determine what type of housing and/or services they need to avoid homelessness and reach their highest level of self-sufficiency.

How Need Determines Priority

In meeting the goals of the Ten-Year Homeless Plan, the Department of Commerce, working in consultation with the stakeholders mentioned above, strives to apply an approach of funding homeless services, housing, and prevention activities that recognizes that different populations have very different needs. For instance, some individuals and families may require three days of hotel vouchers following an eviction, but may never need services or housing again. Other individuals may have both mental illness and a drug or alcohol addition, and will require a lifetime of housing and services to ensure they don't wind up back on the street.

SERVICES AND HOUSING FOR THE CHRONICALLY HOMELESS

The chronically homeless are prioritized for housing and services. In addition to the ethical rationale to assist those who experience the greatest degree of homelessness, there is also a strong economic case in favor of prioritizing this population. Multiple cost-benefit studies in recent years, conducted around the country, have concluded that the social costs of life on the streets range from $35,000 to $150,000 per year, in terms of emergency room visits, increased risk of incarceration, and dependence on a range of other public services. In contrast, supportive housing costs generally range between $13,000 and $25,000 per individual per year, and have been repeatedly shown to reduce social service expenses.

A recent study examined a project funded by the Department of Commerce in Seattle, known as 1811 Eastlake. Homeless individuals with severe alcohol problems and histories of high usage of local crisis services were targeted for housing. Meals, on-site health care services, and treatment options were also made available. After six months, the project had already demonstrated significant cost savings, as well as reductions in alcohol use, for those housed compared to a control group who did not receive housing. The savings were estimated to average $2,449 per person per month. After 12 months, the study concluded that the program saved more than $4 million in total costs for the 95 individuals who continued to receive supportive housing.

Please see the Homeless Strategic Plan section for more information about services and housing for the chronically homeless in Washington.

Homeless Inventory (91.310 (b))

The jurisdiction shall provide a concise summary of the existing facilities and services (including a brief inventory) that assist homeless persons and families with children and subpopulations identified in Table 1A. These include outreach and assessment, emergency shelters and services, transitional housing, permanent supportive housing, access to permanent housing, and activities to prevent low-income individuals and families with children (especially extremely low-income) from becoming homeless. The jurisdiction can use the optional Continuum of Care Housing Activity Chart and Service Activity Chart to meet this requirement.

HOMELESS HOUSING INVENTORY

The Washington State Homelessness Housing and Assistance Act of 2005 requires counties to develop a 10-year plan to reduce homelessness by 50 percent by 2015, and provides funding for that purpose from a new document recording fee on preliminary real estate transactions, $25.44 of which is allocated to counties. The law requires counties to conduct an annual point-in-time count of homeless persons, and report progress in implementing their plan annually to the Department of Commerce. The law enabled aggregation of data on homeless housing capacity statewide. Housing targets for 2015 were then established based on point-in-time counts.

In December 2008, the Department of Commerce released the *Ten-Year Homeless Plan: 2008 Annual Report*. The report addressed the nature and extent of homelessness in Washington, drawn on data collected in the January, 2008 point-in-time count, and contains the most recent estimates of capacity and need for homeless housing.

Table 28: Homeless Housing Inventory and 2015 Target

Housing Type	Existing Beds	2015 Target Beds	% of Target Beds
Short-Term Housing w/ Minimal Services	2,313	4,000	58%
Short-Term Housing w/ Services & Assessment	4,569	6,000	76%
Transitional Housing and Services	10,875	11,250	97%
Permanent Housing w/ Minimal Services	645	2,895	22%
Permanent Housing w/ Ongoing Services	6,795	10,469	65%
TOTAL BEDS	**25,197**	**34,614**	**73%**

Table 28 is based on information in the report, and illustrates the number of beds available to homeless individuals and families, the 2015 target and the percent of the target that has been completed as of 2008.

Housing types can be further separated into individual and family bed. Table 29 (next page) shows each type of housing, existing capacity, the number of beds targeted for 2015 and the percent of the target that have been completed as of December 2008. A description of each type is presented in the next section.

Table 29: Detail on Types of Homeless Housing, Existing and 2015 Target

	Type	Existing	2015 Target	Percent Completed
Short-Term w/ Minimal Services	Individual beds	918	1600	57%
	Family beds	1,395	2,400	58%
	Total	**2,313**	**4,000**	**58%**
Short-Term Subsidized Housing	Individual beds	3,428	4,200	82%
	Family beds	1,141	1,800	63%
	Total	**4,569**	**6,000**	**76%**
Transitional Housing and Services	Individual beds	3,150	3,938	80%
	Family beds	7,725	7,313	106%
	Total	**10,875**	**11,251**	**97%**
Permanent Housing w/ Minimal Services	Individual beds	455	2,030	22%
	Family beds	190	865	22%
	Total	**645**	**2,895**	**22%**
Permanent Housing w/ Ongoing Services	Individual beds	4,675	7,879	59%
	Family beds	2,120	2,590	82%
	Total	**6,795**	**10,469**	**65%**

Homeless Strategic Plan (91.315 (d))

1. *Homelessness— Describe the jurisdiction's strategy for developing a system to address homelessness and the priority needs of homeless persons and families (including the subpopulations identified in the needs section). The jurisdiction's strategy must consider the housing and supportive services needed in each stage of the process which includes preventing homelessness, outreach/assessment, emergency shelters and services, transitional housing, and helping homeless persons (especially any persons that are chronically homeless) make the transition to permanent housing and independent living. The jurisdiction must also describe its strategy for helping extremely low- and low-income individuals and families who are at imminent risk of becoming homeless.*

2. *Chronic homelessness—Describe the jurisdiction's strategy for eliminating chronic homelessness by 2012. This should include the strategy for helping homeless persons make the transition to permanent housing and independent living. This strategy should, to the maximum extent feasible, be coordinated with the strategy presented Exhibit 1 of the Continuum of Care (CoC) application and any other strategy or plan to eliminate chronic homelessness. Also describe, in a narrative, relationships and efforts to coordinate the Conplan, CoC, and any other strategy or plan to address chronic homelessness.*

3. *Homelessness Prevention—Describe the jurisdiction's strategy to help prevent homelessness for individuals and families with children who are at imminent risk of becoming homeless.*

4. *Institutional Structure—Briefly describe the institutional structure, including private industry, nonprofit organizations, and public institutions, through which the jurisdiction will carry out its homelessness strategy.*

~~5.~~ *Discharge Coordination Policy—Every jurisdiction receiving McKinney-Vento Homeless Assistance Act Emergency Shelter Grant (ESG), Supportive Housing, Shelter Plus Care, or Section 8 SRO Program funds must develop and implement a Discharge Coordination Policy, to the maximum extent practicable. Such a policy should include "policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons." The jurisdiction should describe its planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how the community will move toward such a policy.*

HOMELESSNESS STRATEGY AND PRIORITIES

Washington's Plan to Address and Prevent Homelessness

The 2005 Washington Legislature passed the Homeless Housing and Assistance Act to establish a statewide homeless housing program with the goal of reducing homelessness in Washington by 50 percent within the next 10 years. The Act tasks the Department of Commerce and participating local governments with creating and implementing ten year plans to achieve this goal, and to conduct an annual point-in-time count of homeless persons. The Act instituted a $38 document recording fee on preliminary real estate transactions, which generates over $31 million split between the state and county governments to fund activities to end homelessness.

All but one of the 39 counties in Washington have developed a ten year plan to address both short- and long-term housing solutions for the homeless. As needed, each plan must adopt guidelines for establishing emergency shelters, temporary encampments, and supportive housing.

The *Ten-Year Homeless Plan: 2008 Annual Report* details strategies that are both in use now and should be expanded to address homelessness by identified needs categories, through housing and supportive services. These strategies correspond with the beds listed in Table 29. The following excerpt is taken from the *Report:*

> *Short-Term Housing Assistance with Minimal Services*
> Thirty-one percent/28,000 people per year—for people who, due to a short-term problem (family break-up, job loss, illness/injury), need up to six months of housing assistance to remain housed or enter new housing. They do not have serious and persistent income, illness, or mental health issues.
>
> *Short-Term Assistance, Services and Assessment*
> Forty-seven percent/42,000 people per year – for people who need up to six-months of subsidized housing connected to case management and assessment to address family break-up, mental health, education, and substance abuse problems amenable to short-term interventions. Ongoing assessment may identify more significant problems that require referral to longer-term housing and services.
>
> *Transitional Subsidized Housing and Services*
> Thirteen percent/10,000 people per year – for people with significant treatment, education, and life skills needs that need up to four years of subsidized housing and case management to achieve self-sufficiency.
>
> *Permanent Subsidized Housing with Minimal Services*
> Three percent/2,000 more people than are being served today per year – for people who need subsidized housing for the foreseeable future because persistent physical, mental health or other problems prevent them from earning enough income to buy market-rate housing. They may require short-term treatment, respite care, and brief case-management to stay stably housed. Education and treatment may help some earn additional income to reduce their dependency on housing subsidies.

Permanent Subsidized Housing with Ongoing Services
Six percent/5,000 more people than are being served today per year – for people with severe and persistent mental health illnesses or other disabilities that require subsidized housing and ongoing case management for the foreseeable future to stay housed. Education and treatment may help some earn additional income to reduce their dependency on housing subsidies. Often needs to be connected to outreach staff that over time can build the trust required to bring them into housing.

CHRONIC HOMELESSNESS

The January 2009 point-in-time count found 2,540 people considered "chronically homeless" under the HUD definition. HUD defines chronically homeless persons as unaccompanied homeless individuals with a disabling condition that have either been continuously homeless for a year or more, or have had at least four episodes of homelessness in the past three years. Of those 2,540 individuals, 1,627 were sheltered and 913 were unsheltered.

To reduce and eventually eliminate chronic homelessness, the Department of Commerce utilizes a strategy of providing subsidized housing, either in a project or scattered-site, tied to intensive professional services available 24 hours a day to help maintain housing stability. While services are available, continued housing is not tied to an individual's participation in those services.

As of 2008, 3,679 individual beds were available at an annual cost of $54 million. Of those beds, 19 percent were created since 2006. The Department of Commerce estimates that this is 47 percent of the individual beds needed, and that 4,200 more beds would need to be established with ongoing supportive services to meet the needs of the chronically homeless.

The Department of Commerce's Ten-Year Homeless Plan is the primary planning document from which all other homeless plans are drawn. Each county in Washington that receives Homeless Housing and Assistance Act funding is statutorily required to have a county ten year plan, and those plans must be consistent with the state plan. Each county plan must include a description of how the housing needs of the chronically homeless will be addressed.

PREVENTION

Homeless prevention activities are provided by the Department of Commerce's Emergency Shelter and Homeless Prevention program, supported by state and federal funds. Funding is passed through to eligible grantees who provide emergency shelter, homeless prevention, and case management to individuals and families who are homeless or at risk of becoming homeless. One of the key performance measures is the extent to which a program is able to keep individuals and families most at risk of becoming homeless in current housing through emergency rental assistance.

Grant funds can be used for up to 180 days of *combined* shelter and prevention services for an individual or family. While no more than half of those days may be used for housing at an emergency shelter, the full 180 days may be used for prevention-only services. Prevention can be any combination of initial rent costs, such as first and last months' rent and security or utility deposits, as long as the total amount does not equal more than 90 days of rent.

Costs allowed under shelter operations include short-term hotel/motel vouchers and associated staff salary and benefits for case managers and support staff members who are assisting individuals and families in the shelter or working with clients who have received a motel/hotel voucher.

Further homeless prevention activities may include rent or mortgage subsidies to prevent eviction for individuals or families who have received eviction or foreclosure notices. The assistance must be necessary to avoid eviction or foreclosure, and there must be a reasonable prospect that the individual or family receiving homelessness prevention assistance will be able to resume payments within a reasonable period of time. The assistance can include:

- First and/or last month's rent, rent, security deposits, and screening fees.
- Mediation program for landlord tenant disputes and legal services.
- Utility payments for individuals or families who have received a termination of service notice, to avoid shutoff of utilities. (Other utility assistance programs should be accessed first, such as Washington State's Low-Income Home Energy Assistance Program.) Utility payments must be made directly to utility companies on the client's behalf.
- Other costs as approved by the Department of Commerce.

INSTITUTIONAL STRUCTURE

At the state level, developing and implementing strategies to end homelessness and provide affordable housing is largely coordinated by the Department of Commerce. The Housing Division of the Department of Commerce manages the Housing Trust Fund, a state capital fund dedicated to the provision of low-income and special needs housing. The Housing Division administers programs that provide emergency, transitional, and permanent housing for homeless persons. The Department of Commerce does not provide housing and services directly, but instead contracts with local providers and provides oversight and management of their housing activities.

The Affordable Housing Advisory Board (AHAB) advises the Department of Commerce on housing and housing-related issues. AHAB has 22 members representing a variety of interests related to the provision of affordable housing. Nineteen are appointed by the

Governor for four-year terms. The Department of Commerce and AHAB are required to prepare and update a five-year housing advisory plan. The purpose of the plan is to document the need for affordable housing in the state, examine the extent to which that need is met through public and private sector programs, facilitate planning to meet state affordable housing needs, and enable the development of strategies and programs for affordable housing and homelessness.

Coordination with other state agencies occurs directly through the Interagency Council on Homelessness (ICH), established in 2006. The council works to create greater levels of interagency coordination and to coordinate state agency efforts with the efforts of state and local entities addressing homelessness. The council is comprised of policy level representatives of the Department of Commerce, the Department of Corrections, the Department of Social and Health Services, the Department of Veterans Affairs, the Department of Health and the Office of Superintendent of Public Instruction.

The Interagency Council on Homelessness works to:

- Align homeless-related housing and supportive service policies among state agencies;
- Identify ways in which providing housing with appropriate services can contribute to cost savings for state agencies;
- Identify policies and actions that may contribute to homelessness or interfere with its reduction;
- Review and improve strategies for discharge from state institutions that contribute to homelessness;
- Recommend policies to either improve practices or align resources, or both, including those policies requested by the Affordable Housing Advisory Board or through state and local housing plans; and
- Ensure that the housing status of people served by state programs is collected in consistent formats available for analysis.

DISCHARGE COORDINATION

The Department of Commerce works with other agencies to coordinate policies and protocols for the discharge of persons from state institutions or systems of care in order to prevent those persons from exiting to homelessness. The state receives McKinney-Vento Homeless Assistance Act funds which are passed through to the Balance of State Continuum of Care. The Balance of State Continuum of Care contains 33 counties that are largely rural. Six urban counties – King, Pierce, Snohomish, Spokane, Yakima and Clark – maintain their own continua of care.

The Washington State Departments of Social and Health Services (DSHS) and Corrections (DOC) are two of the major state agencies that discharge or release people from systems of care/incarceration. Both have policies and programs in place that intend to prevent clients from exiting into homelessness. Counties within the Balance of State Continuum have also implemented such policies to varying degrees. The following sections describe the state's effort to move towards community-wide discharge coordination processes for three groups at risk of homelessness.

Foster Care Discharge

Under a state law passed in 2009, adolescents previously leaving foster care at age 18 can remain in foster care until they are 21 and are provided assistance through DSHS to prevent their falling into homelessness. Housing assistance in the form of rent, deposits and assistance with utility bills are available as well as an array of education and employment services. Local providers assist with specific services under contract with DSHS. The detailed implementation procedures that are part of each contract "institutionalize" the protocol for the program. Additionally, in 2007 the state Legislature passed a bill to establish the Independent Youth Housing Program that provides additional housing subsidies for youth aging out of foster care up to age 23. These programs are critical to stabilizing the lives of youth leaving the foster care system so that they can attain independence and self-sufficiency.

Health/Mental Health Care Discharge

Several county continua have health care discharge protocols in place with local hospitals, treatment clinics and other mental health facilities. Agreements are in place with the intent of preventing the release of persons from the courts or substance abuse treatment process to the community so that they are neither released to the streets nor routinely placed in a HUD McKinney-Vento project. Additionally, while in the mental health system county continuum staff will evaluate a homeless person's need for services and housing; upon release they will contact the local Housing Resource Center to refer clients in need of housing and non-mental health services. While these discharge protocols are not present in all 33 counties within the Balance of State Continuum, the state's Interagency Council on Homelessness is exploring ways in which more counties can establish Housing Resource Centers so that assessments and referrals can be better coordinated.

Corrections Discharge

Under a new law passed in May of 2009, the Department of Corrections may provide rental vouchers to an offender for a period up to three months, if rental assistance will enable the offender to have an approved release plan. These new resources enable those released to the community to have a location to call home, receive mail, store belongings and get ready to start the day. Since the offenders are involved in the criminal justice system, this allows DOC and law enforcement to have a location to conduct visits and for some offenders to register so the community is aware of the location. This helps to address the community safety issues that many in the local area are concerned about. In other parts of the Balance of State Continuum, some counties have implemented signed memoranda of understanding with the local jail. Specialists work in concert to provide a range of assessments and services including housing. The state's Interagency Council on Homelessness is always looking at ways to strengthen the partnerships between the state agencies, local law enforcement, and county continuum staff so that discharge planning can be better coordinated across the Balance of State Continuum.

Emergency Shelter Grants (ESG)

Describe the process for awarding grants to State recipients, and a description of how the allocation will be made available to units of local government.

PROCESS FOR AWARDING EMERGENCY SHELTER GRANTS

Emergency Shelter Grants (ESG) program funds provide operating support, prevention and essential services for emergency shelters. Units of local government in which proposed activities are to be located must certify that they approve the application and the proposed eligible activities.

Emergency Shelter Grants are distributed by formula. Eligible areas are all cities and counties in Washington that do not receive an ESG allocation directly from HUD. This excludes the cities of Seattle, Tacoma, Spokane, and Snohomish, King and Pierce counties, (except for the cities of Auburn, Bellevue, Everett, Federal Way, Kent, Lakewood, Renton, and Shoreline, which are included).

Eligible applicant organizations are nonprofit organizations and units of local government. In order to streamline the administration of ESG funds with other state funds used for emergency shelter and prevention, the Department of Commerce selectively chooses which eligible counties to award funds to each fiscal year.

Recaptured Funds
The Department of Commerce makes any recaptured amounts available to state ESG-eligible areas as soon as possible after funds have been returned. There are two criteria for the distribution of recaptured funds:

- The extent to which the applicant demonstrates an immediate and critical need for assistance in serving the homeless.
- The extent to which the applicant can demonstrate the ability to use the funds promptly.

Application Requirements
All applicants must have a Continuum of Care plan or a county 10-year plan to end homelessness in place or have started to develop a plan in order to receive ESG funds. Each applicant will need to submit an application that describes the types of activities that will be undertaken. Each application will need to contain the following information:

- A clear statement of need for the use of allocated funds.
- An explanation of how proposed activities are consistent with the Continuum of Care plan or county 10-year plan to end homelessness.
- A clear description of activities, a cost-effective budget and a schedule.

The Department of Commerce can reduce or redistribute a county's allocation if insufficient information is provided in the application, ineligible activities are proposed, or if the lead agency contractor lacks a demonstrated capacity to administer the ESG contract.

Grant Awards
The Department of Commerce will award grants to approved applicant organizations within 65 days of HUD's approval of Washington State's application. Eligible applicant organizations are nonprofit organizations or local governments serving as an ESG lead

agency contractor for the county. As the lead agency, the contractor will pass funds through to participating agencies in the county to provide eligible housing and homeless services. Participating agencies must be nonprofit organizations or local governments.

For more information, please see the ESG section of the 2010 Action Plan.

SECTION 4: NON-HOMELESS SPECIAL NEEDS

Non-Homeless Special Needs
Housing Opportunities for People with AIDS

Non-homeless Special Needs Analysis (including HOPWA) (91.305 (d) and 91.310 (c))

1. *Estimate, to the extent practicable, the number of persons in various subpopulations that are not homeless but may require housing or supportive services, including the elderly, frail elderly, persons with disabilities (mental, physical, developmental, persons with HIV/AIDS and their families), persons with alcohol or other drug addiction, victims of domestic violence, and any other categories the jurisdiction may specify and describe their supportive housing needs. The jurisdiction can use the Non-Homeless Special Needs Table (formerly Table 1B) of their Consolidated Plan to help identify these needs.*

2. *Identify the priority housing and supportive service needs of persons who are not homeless but may or may not require supportive housing, i.e., elderly, frail elderly, persons with disabilities (mental, physical, developmental, persons with HIV/AIDS and their families), persons with alcohol or other drug addiction by using the Non-homeless Special Needs Table.*

3. *Describe the basis for assigning the priority given to each category of priority needs.*

4. *Identify any obstacles to meeting underserved needs.*

5. *To the extent information is available, describe the facilities and services that assist persons who are not homeless but require supportive housing, and programs for ensuring that persons returning from mental and physical health institutions receive appropriate supportive housing.*

6. *If the jurisdiction plans to use HOME or other tenant based rental assistance to assist one or more of these subpopulations, it must justify the need for such assistance in the plan.*

7. *Describe the priorities and specific objectives the jurisdiction hopes to achieve over a specified time period.*

8. *Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan.*

PRIORITY HOUSING AND SUPPORTIVE SERVICE NEEDS

Elderly and Frail Elderly

In 2006, the Housing Finance Commission partnered with the Washington Center for Real Estate Research at Washington State University to produce a report called *Housing Washington's Seniors – A Profile*. The goal of this analysis was to present a profile of current housing occupied by older persons and to assess future demand for senior housing in Washington State.

The report identified a current level of 145,212 housing units (or beds) in facilities catering to Washington's older population, of which 38 percent are set aside for seniors with low to moderate incomes and limited assets. The report also found that seniors between the ages of 65 and 74 who rent their home spend an average of 36.3 percent of income on rent, meaning that many are cost burdened.

Looking forward, the report projected increases in housing cost burden for low-income seniors and identified several trends that raise concerns about the adequacy of housing for elderly people over the next 10 years. These include:

- Small, rural counties tend to have increasing proportions of seniors as young people migrate to jobs in urban areas while parents and grandparents age in place. As these trends continue, a smaller number of local residents will shoulder the burden of caring for their aging neighbors.

- Data indicated that one-third of seniors reported having one or more disability. By the time seniors reached the age of 85, that number grew to seventy percent, with nearly half experiencing physical limitations and many having a great deal of difficulty leaving their residence. As the number of people in this age range grows, the number of seniors that need disability services will also increase.

- Older Washingtonians face increasing housing and medical expenses, yet have incomes which have lagged behind. This trend will continue as additional supportive services and prescription medications are needed to support longer life expectancies.

- As persons from different ethnic backgrounds age, linguistic isolation may become a greater problem. There is a need for caregivers that speak other languages – based on 2000 Census data, over 18,000 Washington seniors indicated they had limited English abilities.

- There is shifting from home ownership to rental status as people age. Among seniors who rent their housing in facilities which do not provide any meals, the average proportion of income devoted to rent is above 30 percent in each geographic area studied and for the state as a whole.

- An increase in the number of "frail elderly" is expected due to the combination of the aging of the baby boom generation and increasing longevity due to improved medical technology. In the next 20 years a new wave of construction of assisted living facilities will be necessary.

- Public financing, through bonds and tax credits, will need to play a significant role in ensuring adequate facilities are available and affordable when they are needed.

Persons with Disabilities

Developmental Disabilities

The Washington State Department of Social and Health Services (DSHS) provides services to over 39,000 persons with developmental disabilities. In January 2009, DSHS published the *Strategic Plan for Housing Needs Assessment & Trust Fund Utilization for People with Developmental Disabilities*.

The plan evaluated community-based affordable housing needs for people with developmental disabilities, and outlined goals of collaborating with special needs housing developers and ensuring adequate resources are being leveraged to maximize Housing Trust Fund funding efficiencies.

The plan found that only 5.5 percent of persons enrolled for developmental disability services lived in units funded through the Housing Trust Fund, and identified current requests for 590 additional units of housing from Supported Living providers. The plan identified an additional 3,405 individuals who do not receive Supported Living services, but would likely qualify for, and benefit from, subsidized affordable housing.

Because the vast majority of the individuals with developmental disabilities depend on Supplemental Security Income (SSI) as their primary source of income, nearly all live below 30 percent of the median income. Even persons receiving employment services through DSHS have very limited incomes, on average working less than 20 hours per month and earning an average monthly income of just $622.

One difficulty in funding affordable housing for persons with developmental disabilities is the need for community integration. Housing projects are expected to be consistent with requirements for Certified Residential Programs, housing no more than four clients per home. As stated in the plan,

> Segregation, isolation, and poverty are unacceptable. Programs can no longer be designed exclusively for people with developmental disabilities. Our challenge is to use funds in ways that stop setting people aside and instead place them in the mainstream of the community. Thoughtful and creative planning will be required to assure the role of housing services is to support the inclusion of people with disabilities into their communities.

The DSHS plan includes expectations that the Housing Trust Fund will:

- Not require builders to go through the general housing rounds,
- Strategically offer builders funding if they will build in the areas where [DSHS] has illustrated a need, and
- Include [DSHS] in the review of builder's proposal.

Mental Health Disabilities

The Washington State Department of Social and Health Services (DSHS) provides services to over 125,000 persons with mental health disabilities. In 2007, DSHS partnered with two nonprofit organizations, Common Ground and Building Changes, to produce the *Mental Health Housing Action Plan* for Washington.

The plan estimated that 8,100 individuals with mental health illness, including 7.7 percent of adult out-patients already served through the public mental health system, were homeless at some point during the previous year. The plan estimated that at least 5,000 additional units of permanent supportive housing are needed statewide.

The following data points provided the basis for estimating the number of people with mental illnesses that lack stable housing:

- DSHS Mental Health Division indicator data from 2004 estimated that 91,000 people were served by outpatient or crisis services, of which 5,900 were homeless.
- The point in time count conducted in 2006 counted 3,122 people with mental illnesses who were homeless.

Based on this data, the plan estimated the number of units needed for people with mental illnesses in several different ways:

- Looking at Regional Service Network estimates of need and extrapolating the 4,360 from the six surveyed RSNs results in an estimated statewide need of 5,800 units.
- Assuming one additional unit of housing for every two individuals who have a mental illness and have experienced an episode of homelessness, if there are approximately 8,000 people served in the mental health system who have an episode of homelessness annually, there is a need for an additional 4,000 units.
- Assuming King County represents about one-third of the state's mental health consumers and the county estimates a need for at least an additional 1,250 units, extrapolating that figure statewide results in a figure of 3,750 units.

Combining these numbers resulted in a range of 3,750 to 5,800 units needed. The plan selected a number near the higher end since all data sources suggested that need was under-reported, and cautioned that the figure is a rough estimate that is likely to increase over time as data collection improves and the state population grows.

Physical Disabilities

According to a recent Census Bureau report, approximately 28 percent of 25-to-64-year-olds with severe physical disabilities fall far below the federal poverty line – nearly four times the rate for people of the same age who are not disabled. The Census Bureau identified people as severely disabled if they have difficulty performing functional tasks or daily living activities. The population of severely disabled individuals has grown in the last two decades due to the aging of the overall population, and the increase of some lifestyle-related diseases such as Type 2 diabetes.

Many physically disabled people depend at least in part upon the government's basic welfare program, Supplemental Security Income (SSI), to meet their basic living needs. SSI is provides financial support for people with significant and long-term disabilities who have no other means of support. In 2006, an estimated 4 million people nationwide between the ages of 18-64 relied on SSI to cover their living expenses.

Washington State is one of 21 states which supplement the federal SSI payment with a state-funded monthly reimbursement. In 2008, this amount was $46, which was added to the federal SSI amount of $668. 77,872 Washington adults between the ages of 18 and 64 received SSI benefits that year, according to the report *Priced Out in 2008*, published by the Technical Assistance Collaborative and the Consortium for Citizens with Disabilities Housing Task Force.

Priced Out concludes that an individual with SSI as their sole means of support would need to spend 102.9 percent of their monthly income to afford to rent a one-bedroom unit, or 89.9 percent of their income on a studio rental unit, using housing market data. As a result, many individuals with disabilities are forced into substandard living arrangements, or must rely on their families to continue housing into adulthood.

Persons with Alcohol or Drug Addiction

The Department of Social and Health Services estimate that over 500,000 Washingtonians are in need of substance abuse treatment. Of persons entering treatment, nearly 15 percent self-reported a need for housing, meaning up to 75,000 persons with drug or alcohol addiction have unmet housing needs.

State and national studies demonstrate the concurrence of alcohol or drug addiction with homelessness, particularly chronic homelessness. The 2009 point-in-time count found that over 2,500 homeless persons, 11.3 percent, identified themselves as having substance abuse issues. A DSHS report indicated that 13 percent of those treated for addiction to any substance in 2007, and 20 percent of those treated for heroin addiction, were homeless. Substance addiction also frequently occurs in people with mental health disorders, a condition known as co-occurrence. Co-occurrence increases the risk of homelessness: 17 percent of persons with co-occurring substance and mental health issues were homeless, 31 percent more than all persons with substance abuse issues.

Supportive housing for persons with substance abuse improves treatment outcomes for clients, and may reduce social service costs paid by the state. As noted in the Priority Homeless Needs section, a recent study examined a supportive housing project in Washington and estimated savings to average $2,449 per person per month. After twelve months, the study concluded that the program saved more than $4 million in total costs for the 95 individuals who continued to receive supportive housing.

Victims of Domestic Violence

The Washington State Coalition Against Domestic Violence is a nonprofit organization providing training and technical assistance to advocates and information to policymakers, the media and others concerned about domestic violence. Data compiled by the coalition show that police departments in Washington responded to 49,980 domestic violence calls in 2006. During that year, domestic violence programs served over 19,000 persons through support groups, help obtaining protection orders, legal advocacy, shelter and individual counseling. A total of 6,147 domestic violence victims and their children were provided emergency shelter.

Data from the coalition suggest that there is substantial unmet need for shelter for domestic violence victims. During fiscal year 2006, domestic violence programs turned down over 36,000 requests for shelter from individuals for whom there was no space available, individuals seeking shelter who were not victims of domestic violence, or individuals who had certain needs the shelter could not accommodate. Though that figure could include duplicate requests from individual victims who sought shelter from multiple programs, it shows the extent of unmet need.

A partial census of Washington domestic violence shelters found 237 unmet requests for emergency shelter or transitional housing services on a single day in 2008. Extrapolating that figure to the rest of the state suggests that up to 340 victims of domestic violence had unmet need for housing that night.

In addition to unmet emergency shelter needs, many victims of domestic violence need assistance with housing after exiting a shelter. A recent study of shelters in Washington found that 76 percent of victims leaving the shelter identified housing as an ongoing need.

While domestic violence occurs in households at all income levels, studies have shown it to be more prevalent for those in poverty. Lack of financial resources is one of the most commonly given reasons domestic violence victims stay with or return to an abusive partner. To successfully escape domestic violence, victims often need support beyond housing, including counseling, child care, job training, financial assistance and transportation.

Other Persons with Special Needs

Former prisoners re-entering society compose a distinct category of persons with special affordable housing needs. Over 10 percent of those coming in and out of prison or jail are homeless in the months before or after their incarceration. Housing for this population has been repeatedly shown to reduce recidivism. However, many ex-offenders are excluded from public housing due to federal policies disallowing those convicted of certain crimes from living in HUD-subsidized housing. In addition, only a small fraction of inmates are served by existing half-way houses.

Housing designed to serve former prisoners who would otherwise be homeless, either in developments or scattered-site, faces obstacles of zoning restrictions, community concern about property values and safety, and the challenges of finding suitable developers or agency partners. When public housing is no longer an option and half-way houses only meet a minority of the need, many released offenders are in need of some type of special population housing. A report from the Re-Entry Policy Council notes,

> Only a handful of supportive housing programs nationally are targeted specifically towards people leaving incarceration, and of these, only a few receive funding from correctional agencies. Despite their limited supply, these types of housing programs present extremely promising ways to improve the odds of successful reintegration.

In 2009, the Washington legislature approved a voucher program that allows the Department of Corrections (DOC) to pay rent for prisoners who have earned early release, but who are being held because they have no place to live. By paying rent directly to an ex-offender's landlord for up to three months, the state is able to save significantly compared to the costs of keeping that individual incarcerated. Approximately 700 prisoners are expected to be served during the first two years of the program, and savings to DOC are estimated to be $1.5 million.

BASIS FOR ASSIGNING PRIORITY

In addition to review of the data above and in the Housing Need and Housing Market Analysis sections, statewide housing priorities were determined based on a survey of affordable housing stakeholders, a review of studies, reports and plans related to housing, and public participation through letters and at the public hearing.

Please see the Priority Housing Needs section for additional discussion of the basis for assigning priority housing needs, including those of special needs populations.

Obstacles to Meeting Special Needs

In addition to the obstacles to meeting affordable housing needs generally, discussed in the Priority Housing Needs section, three additional obstacles to meeting special housing needs were identified: lack of coordination, lack of available funding for supportive services, and resistance in some communities to siting supportive housing.

Coordination
The need for better coordination among the state agencies that play a role in housing persons with special needs has been identified as an ongoing issue. The Department of Commerce and other state agencies agree that agencies must work together to improve access to affordable housing for persons with special needs.

The Department of Commerce invited other agencies to participate in identifying priorities and strategies for providing affordable housing to persons with special needs during the development of this Consolidated Plan, and will continue to involve them in future planning efforts. In addition, recent efforts have been made to increase coordination of services for persons with special needs, particularly to prevent homelessness for persons discharged from state institutions or care.

Significant progress has been made to coordinate Housing Trust Fund assistance with supportive housing needs. As noted in the Affordable Housing Advisory Board's 2009 *Annual Progress Report*, a Supportive Housing Institute was held with state and local partners to increase capacity to implement supportive housing projects.

The Department of Commerce and the Department of Social and Health Services also coordinate by working to match Homeless Management Information System data against DSHS records in order to understand the relationships between the homeless and larger social service systems.

Funding Supportive Services
Supportive services (including case-management, health services, addiction counseling, employment services, legal services, etc.) are needed by chronically homeless persons, victims of domestic violence, youth exiting the foster care system, ex-offenders and other in order to allow them to remain in housing over the long term. Persons with severe disabilities also need ongoing supportive services, both related to day-to-day living and to ensure that they are able to obtain decent housing.

Because of the need for services for people with special needs, funding supportive housing is expensive. The Department of Commerce is committed to continuing partnerships, supporting construction of special needs housing and providing services as eligible uses through the CDBG program, when prioritized by local jurisdictions.

Community Resistance
One obstacle to special need housing is community resistance, based on real or perceived concerns about the impact of such housing in a neighborhood. The term NIMBY, for

"Not In My Back Yard," refers to this resistance. Some of the general concerns neighbors may have are that a housing project will bring crime into the area, become an eyesore, lower property values or will give something to people who "haven't earned it."

Multiple studies refute these concerns, showing that there is no correlation between special needs housing and higher crime rates or lower property values. Evidence suggests that stable rents leads to tenants moving less often, and that compact, well-designed housing can result in more efficient use of public services and infrastructure. Affordable housing tenants also, on average, own fewer cars and drive less compared to their neighbors. One study, *Low-Income Housing Tax Credit Housing Developments and Property Values* from the University of Wisconsin, found that low-income housing developments often cause surrounding property values to increase. It also noted that past research has generally found that such developments have a more positive impact in higher income areas.

PRIORITIES, OBJECTIVES AND AVAILABLE RESOURCES

Housings for persons with special needs is a priority for funding in the 2010-2014 Consolidated Plan, as described in the Priority Housing Needs section. HOME Tenant Based Rental Assistance may be used for special needs housing if prioritized by an applicant and appropriate to serve the needs of the population in the jurisdiction. In addition, the HOME General Purpose fund will continue to fund special needs projects. Though no specific special needs housing targets are set, the HOME program has historically funded projects for people with special needs (such as severe mental illness, chemical dependency, physical disabilities and victims of domestic violence).

Please see the Specific Housing Objectives section for detail on estimated outcomes and available resources over the next five years.

Housing Opportunities for People with AIDS (HOPWA)

1. *The Plan includes a description of the activities to be undertaken with its HOPWA Program funds to address priority unmet housing needs for the eligible population. Activities will assist persons who are not homeless but require supportive housing, such as efforts to prevent low-income individuals and families from becoming homeless and may address the housing needs of persons who are homeless in order to help homeless persons make the transition to permanent housing and independent living. The plan would identify any obstacles to meeting underserved needs and summarize the priorities and specific objectives, describing how funds made available will be used to address identified needs.*

2. *The Plan must establish annual HOPWA output goals for the planned number of households to be assisted during the year in: (1) short-term rent, mortgage and utility payments to avoid homelessness; (2) rental assistance programs; and (3) in housing facilities, such as community residences and SRO dwellings, where funds are used to develop and/or operate these facilities. The plan can also describe the special features or needs being addressed, such as support for persons who are homeless or chronically homeless. These outputs are to be used in connection with an assessment of client outcomes for achieving housing stability, reduced risks of homelessness and improved access to care.*

3. *For housing facility projects being developed, a target date for the completion of each development activity must be included and information on the continued use of these units for the eligible population based on their stewardship requirements (e.g. within the ten-year use periods for projects involving acquisition, new construction or substantial rehabilitation).*

4. *The Plan includes an explanation of how the funds will be allocated including a description of the geographic area in which assistance will be directed and the rationale for these geographic allocations and priorities. Include the name of each project sponsor, the zip code for the primary area(s) of planned activities, amounts committed to that sponsor, and whether the sponsor is a faith-based and/or grassroots organization.*

5. *The Plan describes the role of the lead jurisdiction in the eligible metropolitan statistical area (EMSA), involving (a) consultation to develop a metropolitan-wide strategy for addressing the needs of persons with HIV/AIDS and their families living throughout the EMSA with the other jurisdictions within the EMSA; (b) the standards and procedures to be used to monitor HOPWA Program activities in order to ensure compliance by project sponsors of the requirements of the program.*

6. *The Plan includes the certifications relevant to the HOPWA Program.*

ACTIVITIES TO BE UNDERTAKEN WITH HOPWA FUNDS

Housing Opportunities for Persons with Aids (HOPWA) is a federally funded program providing housing assistance and supportive services for low-income people with HIV/AIDS and related diseases, and their families. People with AIDS and other HIV-related illnesses often face challenges in meeting personal, medical and housing costs during their illness. The Department of Commerce does not provide direct housing support or services to individuals or families; rather, the department administers funding to local providers within the state of Washington, who in turn provide services to individuals and families.

HOPWA funds can be used for an array of housing, tenant-based rental assistance, supportive services, short-term payments to prevent homelessness, housing placement services, costs for the operation and maintenance of facilities, community residences' mortgage and utility assistance, and program planning and development costs. Activities can include the acquisition, rehabilitation or new construction of community residences and single-room occupancy (SRO) units. Noted results included improvement of mental health status, strengthening of social and health relationships, and reduction in homeless episodes.

The program is funded by the HUD and is governed by the provisions of the AIDS Housing Opportunity Act (42 USC Sections 12901 to 12912) and the Housing Opportunities for Persons with AIDS (HOPWA) Program rule (24 CFR Part 574 as amended).

Services are delivered through nonprofit organizations in each of five regional AIDS Service Networks in the state, known as AIDSNETs. The AIDSNETs, in cooperation with local health departments/districts and community organizations within the regions provide the following:

- Together with the affected community, develop plans for HIV prevention and care services;
- Provide HIV counseling, testing and partner notification services;
- Conduct disease control activities as required by law;
- Offer HIV prevention education and other interventions, such as needle-exchange programs, especially for those at highest risk of disease; and
- Provide case management services.

While HOPWA funds are distributed by AIDSNET region, the AIDSNET coordinators are not involved in the administration of funds, although they are aware of the program. Instead, a sponsor with experience in housing is chosen in each region to administer the funds. The AIDSNET coordinators are aware of the HOPWA program in their region. They have received information on the program funding allocation process along with information about the lead agency and activities in their region.

OBSTACLES TO MEETING UNDERSERVED NEEDS

Obstacles to providing housing for individuals eligible for HOPWA include problems with a client's rental or credit history, and a lack of affordable housing in the area. A great many of the population served by HOPWA have criminal histories, multiple diagnoses, and poor credit and/or rental history. In addition, affordable housing has continued to become less and less available in Washington and across the country.

Table 30 shows the unmet need for housing for people with HIV/AIDS and related illnesses in 2008: Even when housing is available, individuals with HIV/AIDS who need housing are frequently unable to meet eligibility criteria. Section 8 vouchers are extremely limited, resulting in wait lists that require years until fruition. The ever growing volume of home foreclosures has forced some moderate-income homeowners/buyers to seek low-income affordable housing, creating a housing market that is even more restrictive.

Table 30: Unmet Need for Housing for People with HIV/AIDS

Type of Assistance Needed	Number with Unmet Need
Tenant-Based Rental Assistance	138
Short-Term Rent, Mortgage and Utility payments	20
Housing Facilities (e.g., community residences and SRO dwellings)	18
Total	**176**

HOPWA PERFORMANCE

Table 31 shows performance measures from the HOPWA Consolidated Annual Performance and Evaluation Report (CAPER) for 2008. Activities are evaluated in terms of conformance with the grant agreement, compliance with HOPWA and other HUD regulations regarding eligible activities, the documentation of participant eligibility, the protection of client confidentiality, and adequate documentation of the project activities for conformance. Noted results for persons assisted by the HOPWA program included improvement of mental health status, strengthening of social and health relationships, and reduction in homeless episodes.

Table 31: HOPWA Program Performance Measures, FY 2008

HOPWA Performance Measures (Fiscal Year 2008)	Goal	Actual	HOPWA Funds
Tenant-Based Rental Assistance	59	47	$156,253
Households that receive operating subsidies/leased units	8	8	$47,456
Short-Term Rent, Mortgage and Utility Assistance	374	264	$197,202
Supportive Services provided along with housing assistance	301	275	$150,221
Permanent Housing Placement Services	19	25	$11,408
Housing Information Services	10	17	

HOW AND WHERE FUNDS WILL BE ALLOCATED

HOPWA funds are distributed in five AIDSNET regions. The Department of Commerce does not provide funding to King and Snohomish counties because they receive their own grant directly from HUD. Skamania and Clark counties are included in the City of Portland, which receives funds through Oregon's HOPWA grant.

Service providers in each region collaborate in the choice of the organization that will be their lead agency. The lead agency will organize a local process to decide how the regional HOPWA allocation will be used and which project sponsors will be selected to provide services.

The Department of Commerce will contract with the designated lead agency that will be responsible for passing funds through to the local project sponsor. Eligible project sponsors are nonprofit organizations, public housing authorities or local governments. Commerce calculates annual awards to each of the regions based on the surviving HIV/AIDS cases in each county as reported to the Washington State Department of Health. In FY 2008, $631,470 was distributed and 330 households were served.

The program is conducted in coordination with other resources, such as the Ryan White HIV/AIDS program, Emergency Shelter Grant, entitlement CDBG programs and public and private donations.

Recaptured Funds
The Department of Commerce will make any recaptured funds available to units of local government or nonprofit organizations in non-formula areas as soon as possible after the funds have been returned.

There are two criteria for the distribution of recaptured funds:
1. The extent to which the applicant demonstrates an immediate need for assistance in serving persons with HIV/AIDS or related diseases and their families; and
2. The extent to which the applicant can demonstrate the ability to use the funds promptly.

Specific HOPWA Objectives

1. *Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan.*

HOPWA PROGRAM OUTCOME OBJECTIVES, 2010-2014

Table 32 details the counties, activities, recommended funding amount, and total households to be served for the five HOPWA regions between 2010 and 2014. Figures in the table are estimates based on anticipated resources and allocations in 2010, and may vary from year to year. None of the anticipated subrecipients are faith based, and none are grassroots. The project sponsors have input into local housing planning in their regions.

Table 32: HOPWA Program Outcome Objectives, 2010-2014

Organization, Zip Code and Counties Served	Activities	2010-2014 Estimated Amount	2010-2014 Estimated House-holds
Bellingham/Whatcom Co. Housing Auth. (98225) Whatcom, San Juan, Skagit, and Island	Operating funds for Sean Humphrey House; Short-Term Rent, Mortgage, and Utility (STRMU); TBRA; Hotel vouchers	$295,000	70
Pierce Aids Foundation (98402) Pierce and Kitsap	Supportive services; Rental Assistance; STRMU	$1.3 million	800
Spokane Housing Authority (NEWHS) (99201) Adams, Asotin, Columbia, Ferry, Garfield, Lincoln, Okanogan, Pend Oreille, Spokane, Stevens, Walla Walla, and Whitman	Supportive services; TBRA; STRMU	$600,000	300
Longview Housing Authority (98632) Clallam, Cowlitz, Grays Harbor, Jefferson, Lewis, Mason, Pacific, Thurston, and Wahkiakum	Supportive services; TBRA; STRMU	$600,000	100
Yakima Neighborhood Health Services (98907) Benton, Chelan, Douglas, Franklin, Grant, Kittitas, Klickitat, and Yakima	Supportive services; TBRA; STRMU; Permanent Housing; Placement	$450,000	400
ESTIMATED TOTAL		**$3.25 million**	**1,670**

SECTION 5: COMMUNITY DEVELOPMENT

Community Development

Community Development (91.315 (f))

1. Identify the jurisdiction's priority non-housing community development needs eligible for assistance by CDBG eligibility category specified in the Community Development Needs Table (formerly Table 2B), – i.e., public facilities, public improvements, public services and economic development.

2. Describe the basis for assigning the priority given to each category of priority needs.

3. Identify any obstacles to meeting underserved needs.

4. Identify specific long-term and short-term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals described in section 24 CFR 91.1 and the primary objective of the CDBG program to provide decent housing and a suitable living environment and expand economic opportunities, principally for low- and moderate-income persons.

NON-HOUSING COMMUNITY DEVELOPMENT NEEDS

The consolidated planning process identified two areas of non-housing community development, public infrastructure and economic development, where considerable need exists in most communities across the state.

Infrastructure

The State of Washington has extensive unmet need for public infrastructure, particularly in rural communities. The fragmentation of public financing available for these improvements has exacerbated the situation, making it difficult to fund even serious unmet needs for basic infrastructure in some locations. The lack of adequate infrastructure impacts both the ability of communities to attract and retain businesses and employment, as well as, in some cases, the ability to support new affordable housing development.

In 2008, the state Office of Financial Management released a report on federal and state infrastructure assistance programs in Washington. The report included an assessment of local infrastructure funding needs between 2004 and 2009. Table 33, adapted from the report, estimates need and available funding for domestic water systems, sanitary sewer systems, and roads, bridges and storm sewers. Developed before the full extent of the state revenue crisis was known, the estimate nevertheless showed a $7.58 billion gap between need and available funding.

Table 33: Unmet Local Infrastructure Funding Need, 2004-2009

Local Infrastructure Funding Needs and Estimate of Expenditures, 2004 – 2009 (Dollars in Billions)	Funding Needs	Expenditures	Funding Gap	Percent Funding Gap
Domestic Water	$1.58	$0.98	**$0.60**	**38%**
Sanitary Sewer	$3.36	$2.80	**$0.56**	**17%**
Roads/Bridges/Storm Sewer	$11	$4.22	**$6.42**	**60%**
Total	**$15.94**	**$8.00**	**$7.58**	**48%**

At the local level, this $7.58 billion gap has cascading impacts on the health of Washington's communities. Lack of infrastructure degrades environmental quality, constrains the availability of affordable housing and prevents economic development, particularly in rural areas. For example, lack of sewage treatment capacity in a distressed community may both pollute the environment and limit the development of market-rate and affordable housing. In turn, lack of sufficient housing could limit the ability of the community to attract employers.

The importance of infrastructure to all aspects of community development was reflected in a survey of non-entitlement jurisdictions conducted by the Department of Commerce during the consolidated planning process. Respondents were asked to identify the three biggest community development needs in their communities. Table 34 shows the top five needs by the proportion of overall respondents and by type of jurisdiction. Four of the top five needs identified in the survey were types of infrastructure. Complete survey responses are available in Appendix B.

Table 34: Community Development Needs Survey Results

Top Community Development Needs	Total	City	Town	County
Transportation Facilities	**56%**	68%	73%	6%
Sewer Systems	**40%**	47%	27%	39%
Water Systems	**38%**	45%	36%	22%
Infrastructure for Economic Development	**32%**	28%	32%	44%
Community Facilities	**25%**	26%	36%	11%

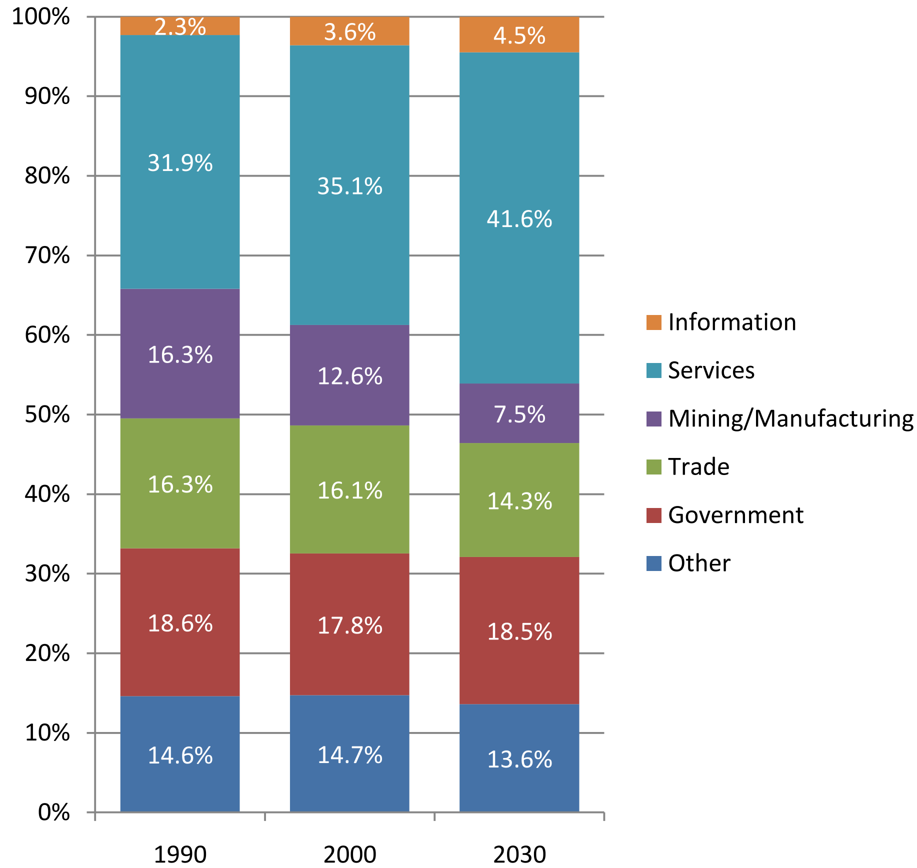
Economic Development

Washington's economy has experienced profound structural changes over the last few decades. A recent report released by the Office of Financial Management, titled *The 2009 Long-Term Economic and Labor Force Forecast for Washington*, examined demographic trends, structural changes in industries, changes in production factors such as labor supply and capital investment, and technology/productivity advancements.

The report described fundamental shifts in Washington's economy, including in employment by sector. Manufacturing and government (particularly national defense-related establishments) constituted 28.3 percent of total non-agricultural employment in 2007, compared to about one-half in 1960. Two key sectors alone, aerospace and wood products, shrunk from nearly 13 percent of wage and salary employment in 1960 to only 4 percent in 2008.

Figure 9, taken from the report, shows the distribution of employment in Washington by industry sector for 1990 and 2000 and provides a forecast for 2030. As traditional sectors of the state's economy shrink, new economic development strategies are needed to ensure that good jobs are available, particularly in Washington's rural communities.

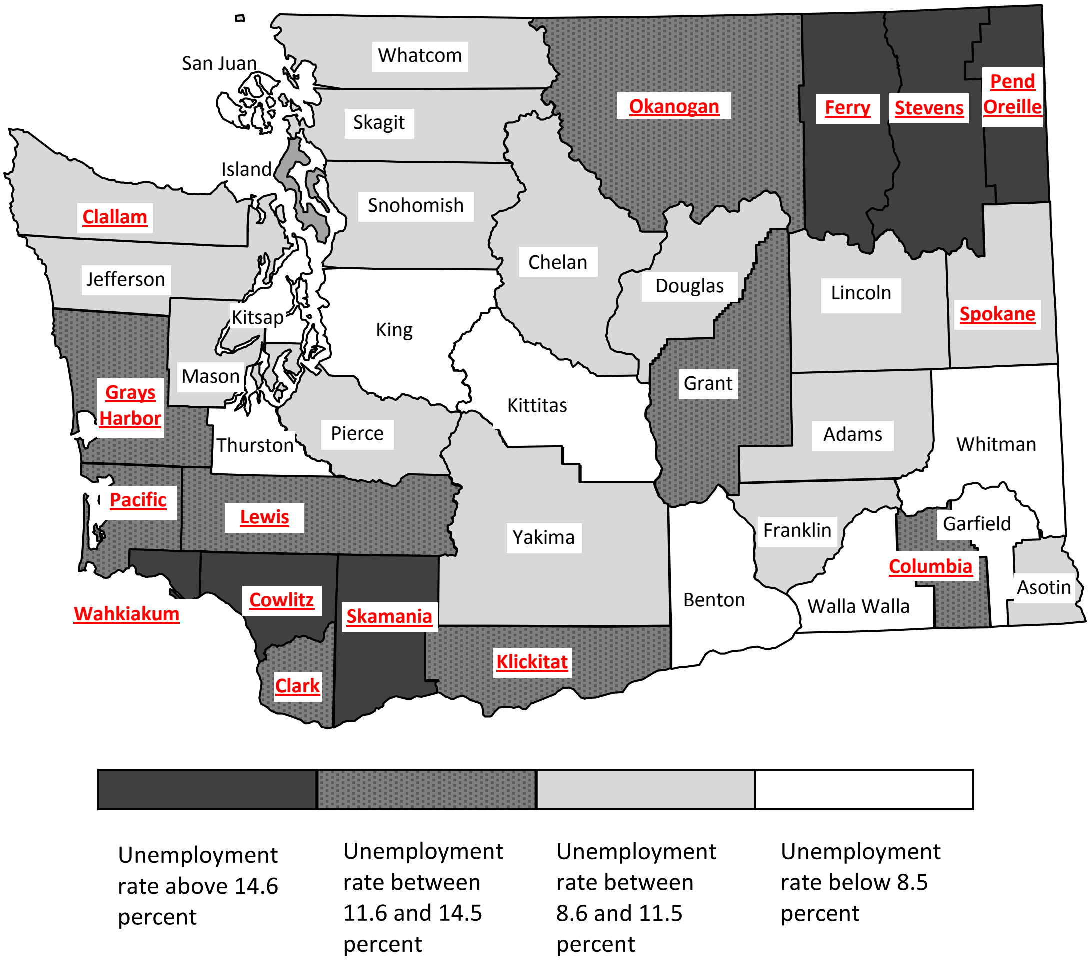
Figure 9: Washington Employment by Sector, 1990-2030



Along with long-term changes to the state's economy, the current financial crisis resulting from the collapse of the housing bubble has triggered severe job losses across the state. Washington's unemployment rate rose to 9.1 percent in May, 2009 from 5.3 percent the year before, and 26 of 39 counties had rates over 10 percent. A total of 32 counties are now considered economically distressed, meaning unemployment rates exceed 8.5 percent. Average unemployment rates over three years show 15 Washington counties have experienced prolonged economic distress.

Figure 10 shows unemployment rates by county, in May, 2009. Of the 20 counties with the highest rate of unemployment, 18 are non-entitlement jurisdictions served by the state CDBG program. In 13 counties, more than one in eight people who are looking for a job can't find one. Shaded counties were economically distressed in May, 2009, and counties in red were economically distressed between 2006 and 2009, meaning that the average unemployment rate for those years was above 8.5 percent.

Figure 10: Unemployment Rate by County, May 2009



<u>*Microenterprise and Rural Economic Development*</u>
A microenterprise is a business with five or fewer employees, typically requiring less than $35,000 in capital. In recent years, a strong interest in building economic bases with higher wage jobs in rural areas has led to an emphasis on assisting businesses with microenterprise lending to enhance start-up and small expansions.

Small and medium sized businesses, especially in rural Washington, find it difficult to get the necessary financing to start-up, expand, and stay in business. This problem is especially true in certain industry sectors, most notably in the forest products and other natural resource-based/dependent companies that form much of the basis of rural Washington's economy.

The Washington State Microenterprise Association reports that there are over 450,000 microenterprises in Washington, representing 86.5 percent of all businesses and 17.4 percent of employment. Microenterprises employ over 80,000 people in rural communities, over 20.6 percent of the rural workforce. Besides being a large component of the economy, studies show that microenterprises have positive social impacts on the individual level. A five-year study of one microenterprise program in Washington found 240 individuals served, resulting in formation of 86 new businesses and 106 new jobs at a cost of less than $8,000 per job.

In addition to microenterprise, Washington has strong institutional support for economic development, including in rural communities. In 2008, the Washington Economic Development Commission released an inventory of programs related to economic development in the state. The inventory included over 140 programs operating with over $3 billion in federal and state funding annually. Almost half of programs provided direct assistance to individual people or to organizations, usually companies. The inventory identified several programs that support economic development in rural areas including the Rural Opportunity Fund, the Business Loan Portfolio Program, the Rural Washington Loan Fund, USDA Rural Development, and the state CDBG program.

COMMUNITY DEVELOPMENT PRIORITIES

Prioritizing community development activities at the state level presents a challenge because specific needs vary from community to community within the state's non-entitlement jurisdictions. The state CDBG program is required to fund local governments that demonstrate local prioritization and need for proposed projects. Accordingly, the Department of Commerce has chosen not to designate any eligible activities as “low priority” statewide, since doing so would restrict the ability to fund activities that may have acute need in specific communities.

While maintaining the flexibility to support local priorities is critical some urgent community development needs are common across many communities. Addressing such needs will be a focus over the next five years. The Department of Commerce will encourage local communities to develop projects that respond to these needs, especially through outreach and technical assistance, and allocate funding in a manner that emphasizes these needs consistent with established program guidelines. Statewide community development priority areas include:

- **Public facilities (infrastructure):** Sewer and water systems and transportation facilities that primarily benefit low- to moderate- income people; infrastructure to support affordable housing for extremely low- and very low-income households; public infrastructure projects in support of economic development that directly results in job creation.
- **Community facilities:** Facilities, including shelters and transitional housing, which serve the homeless and persons with severe special needs.
- **Economic development:** Microenterprise loan programs in rural areas; revolving loan funds to for-profit businesses that directly result in job creation.
- **Public services:** New or expanded services that meet a critical local need.
- **Strategic planning:** Strategic planning, particularly planning to address fair housing disparity or to address public health and safety when required by a regulatory agency (such as the Department of Ecology).

Funding Criteria

To be eligible for funding under the CDBG program, a project must meet at least one of three HUD national objectives:
- Principally benefit persons with low to moderate income,
- Prevent or eliminate slums or blight or
- Address an urgent community development need which poses a serious and immediate threat to health and safety.

To further these objectives, the state CDBG program has established funding conditions that serve as criteria for evaluating proposed projects. According to program policy, funds are awarded for eligible projects that meet the following conditions:
- There is a compelling need for public assistance;
- A feasible technical solution to the problem or opportunity being addressed has been identified and agreed to by affected citizens, the local government and the appropriate regulatory agencies;
- The project is ready to proceed and will make timely use of the funds;
- There is a clear and feasible plan for implementing the project and maintaining its operation into the foreseeable future; and
- There is credible evidence that the results will be commensurate to the amount of public funds requested.

To be funded, a project must also rank high in comparison to other similar projects on a state and local level using the following priorities:
- The project addresses a public health and safety issue,
- It improves essential services to low- and moderate-income persons, or
- It completes a necessary and specific step in a broader community development strategy.

For additional detail on state CDBG program funding criteria and method of distributing funds, please see the 2010 Action Plan.

Evaluating Outcomes

CDBG activities must further the HUD goal of developing viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities for low- and moderate income persons. HUD regulations also establish three objectives: sustainability, affordability and availability/accessibility. An outcome must meet at least one national goal and objective.

The state CDBG program will link the relevant HUD goal and objective and identify the applicable HUD outcome for each funded activity based on the type of project, as described in Table 35.

Table 35: Community Development Activities and HUD Outcomes and Objectives

CDBG Eligible Activity	HUD Outcome Goal	Objective
Improve existing public facilities	Suitable living environment	Sustainability
Build or expand public facilities	Suitable living environment	Availability/Accessibility
Housing rehabilitation	Decent housing	Sustainability
Activities in support of new housing construction	Decent housing	Availability/Accessibility
Build or expand community facilities	Suitable living environment	Availability/Accessibility
Acquire community facility or site	Suitable living environment	Sustainability
Public services	Suitable living environment	Availability/Accessibility
Microenterprise loan programs in rural areas	Economic opportunities	Availability/Accessibility
Economic development or job creation/retention: improve existing facilities	Economic opportunities	Sustainability
Economic development or job creation/retention: build or expand facilities	Economic opportunities	Availability/Accessibility
Economic development or job creation/retention: loan funds to businesses	Economic opportunities	Availability/Accessibility
Planning activities	Varies as above by type(s) of project supported by the planning activity.	

BASIS FOR ASSIGNING PRIORITIES

In addition to the description of need in the previous section which was drawn from studies, reports and plans related to community and economic development, statewide priorities were determined based on a review of recent CDBG funding patterns, a survey of non-entitlement jurisdictions, consultation with partner federal, state and nonprofit entities, and public participation through letters and at the public hearing.

Recent CDBG Funding Patterns

One measure of community development priorities is historical funding patterns. Since local jurisdictions are responsible for prioritizing need in their own communities, trends in applications received and overall funding can indicate need statewide.

Table 36 shows activities funded by the CDBG program between 2003 and 2007 with the average percentage of funding per year. Categories that received more than 5 percent of funds and activities that received more than 0.5 percent of funds are listed. Recent funding patterns correspond well with other bases for assigning priority to eligible activities.

Please note that Table 36 and the following table are drawn from HUD data and include repayments of CDBG funds as well as direct HUD allocations. As a result, figures for economic development funding in Washington are inflated because of the CDBG loan programs. In terms of direct HUD allocations to Washington, public improvements comprise over 60 percent, and public services comprise over 10 percent of state CDBG program funds.

Table 36: CDBG Funded Activities, 2003-2007

Activity Types	Average Percent of CDBG Funds Per Year
Public Improvements	**55.2%**
Water/Sewer Improvements	39.8%
Street Improvements	4.1%
Neighborhood Facilities	3.6%
Senior Centers	2.3%
Health Facilities	1.7%
Child Care Centers	1.3%
Fire Stations/Equipment	1.3%
Economic Development	**19.3%**
Financial Assistance to Businesses	18.8%
Microenterprise Assistance	0.5%
Housing	**9.4%**
Rehabilitation: Single-Unit Residential	7.6%
Rehabilitation Administration	1.5%
Public Services	**7.5%**
Public Services	7.5%
Administrative And Planning	**5.2%**
General Program Administration	3.0%
Planning	2.2%

Table 37 compares funding of CDBG activity categories in Washington between 2003 and 2007 with the average of all states in 2008. This table shows that the CDBG program in Washington has historically funded public services and economic development (through loans) at a higher rate than the average of all states, and housing at a lower rate. The Washington CDBG program also has lower spending on administration and planning, ensuring that funds are spent on projects to the greatest extent possible.

Table 37: Comparison of CDBG-Funded Activities

Activity Types	Average of All States	Washington
Acquisition	2.8%	2.6%
Administrative And Planning	9.6%	5.2%
Economic Development	13.3%	19.3%
Housing	16.6%	9.4%
Public Improvements	54.7%	55.2%
Public Services	2.1%	7.5%
Other	0.7%	0.7%

Survey of Non-Entitlement Jurisdictions

The state CDBG program, with the assistance of the Research Services unit of the Department of Commerce, conducted a survey of non-entitlement jurisdictions in May, 2009. The survey was distributed to non-entitlement cities, towns and counties through the CDBG program's email list of 259 local officials. A total of 88 responses (34 percent) were received. Forty-four responses came from cities, 22 came from towns and 18 came from counties. Responding jurisdictions encompass a population of over 880,000 persons eligible to be served by the state CDBG program.

Respondents were presented with a list of eligible activities and asked to select the top three community development *needs* in their jurisdiction and the top three *priorities* for the use of CDBG funds. Table 38 shows the proportion of respondents who selected each activity as a priority for funding. The table is sorted by total results and shows responses separated by type of jurisdiction. The top three activities selected by each type of jurisdiction are bolded.

Table 38: Community Development Survey Priorities

Priorities for CDBG Funds	Total	City	Town	County
Transportation Facilities	**51%**	**55%**	**77%**	6%
Sewer System	**39%**	**43%**	27%	**44%**
Public Infrastructure to Support Economic Development	**36%**	36%	**32%**	**39%**
Water System	34%	**38%**	**32%**	**28%**
Community Facility	24%	21%	**41%**	11%
Planning	17%	13%	18%	**28%**
Recreation Facilities	13%	15%	14%	6%
Public Infrastructure to Support Affordable Housing	13%	11%	5%	**28%**
Public Services	11%	15%	0%	17%
Housing Rehabilitation	11%	13%	0%	22%
Economic Development Loans to For-Profit Entities	7%	4%	14%	6%
Direct Homeownership Assistance	7%	2%	5%	22%
Remove Slum/Blight	6%	6%	9%	0%
Local Microenterprise Loan Programs	6%	4%	5%	11%
Transitional Housing or Shelters	6%	0%	0%	**28%**
Remove Architectural Barriers to accessibility	1%	0%	5%	0%
Historic Preservation	1%	0%	5%	0%

The top overall priorities for CDBG funding were transportation facilities, sewer and water systems and public infrastructure to support economic development. Respondents from cities and towns listed similar priorities, though community facilities ranked higher for towns. Responses from counties differed, particularly in transportation facilities which were rarely selected. Counties placed higher priority on planning, public infrastructure to support affordable housing and transitional housing or shelters.

These results align with the other bases for establishing funding priorities and confirm the different challenges faced by different units of government. Counties receive substantial funding for transportation facilities from the state, while cities and towns do not. Counties are also responsible for developing an implementing 10-year plans to address homelessness, which may explain why they were more likely to prioritize affordable and transitional housing. In contrast, cities and towns are often responsible for sewer and water systems and face challenges in meeting environmental standards set by state or federal law. All jurisdiction types prioritized public infrastructure to support economic development, reflecting the need for jobs and tax revenue in communities across the state.

OBSTACLES TO MEETING UNDERSERVED NEEDS

Beyond the direct impacts of unemployment on the tens of thousands of Washingtonians and their families who have lost jobs in the past year, the economic crisis exacerbates revenue problems already faced by local governments. State and federal funding sources have generally decreased or stayed the same over the past decade, causing budget shortfalls for many local governments. Statewide voter initiatives have further limited the ability of local governments to secure revenue. These factors, along with the current economic climate, severely constrain local capacity to provide for community development needs such as public facilities, public improvements, public services and economic development.

A 2007 study, *County Financial Health and Governance Alternatives*, examined ten indicators of financial health, finding that between 1994 and 2004, five indicators showed decline. The study found that,

> [A] boundary has been crossed for many counties which results in external forces controlling *both* the majority of revenue and service demand drivers. These forces are working in opposition, decreasing revenue base growth while increasing demand at the same time.

A 2009 report by the Association of Washington Cities (AWC) titled *State of the Cities*, identified two ongoing struggles;

- Operating budget revenues are not sufficient for many cities to support the level of services required to meet federal and state mandates, citizen expectations, and community priorities.
- City infrastructure systems are crumbling. These aging systems are inadequate to meet current needs of businesses and residents, or sustain and attract growth.

In a survey conducted by AWC, two-thirds of city officials said their city would be challenged to meet fiscal needs over the next four years. Forty-six percent of city officials reported their city was likely to reduce infrastructure spending in 2009, with 26 percent saying a significant decrease was likely. Thirty percent of city officials reported they would likely reduce their city's scope of services and the workforce.

With rising unemployment and reduced local capacity, communities across Washington face immense challenges in meeting community development needs over the upcoming five years.

COMMUNITY DEVELOPMENT OUTCOME OBJECTIVES

Local governments are responsible for prioritizing projects to meet the greatest need in their communities and applying for funding from the state CDBG program. Therefore, actual program outcomes over the long term depend on the types of projects local governments propose.

Table 39 estimates CDBG program outcomes during the 2010-2014 Consolidated Plan period. These estimates are projections based on estimated outcomes for 2010 as described in the 2010 Action Plan for the CDBG program, and were developed from projects funded during the past several years. Actual outcomes will be tracked in IDIS as projects are awarded and completed. Housing-related CDBG activities are included in Table 24 in the Specific Housing Objectives section.

Table 39: Community Development Outcome Objectives, 2010-2014

National Goal and Objective	2010 - 2014 Expected Outcomes	Description
Suitable Living Environment		
Availability/accessibility	250,000 persons	Access to new or expansion of existing water, sewer, and street systems
Availability/accessibility	1 million persons	Increase access to new or expanded services by funding community facilities and direct services
Sustainability	500,000 households	Improvements and repairs to existing water, sewer, and street systems
Expand Economic Opportunity		
Availability/accessibility	400 jobs	Fund new or expanded infrastructure in support of economic development or microenterprise assistance to create/retain jobs
Sustainability	135 jobs	Fund infrastructure improvements in support of economic development, including loans to eligible private businesses to create/retain jobs

In addition to the estimated outcomes described above, the state CDBG program will meet the administrative objectives shown in Table 40.

Table 40: CDBG Program Administrative Objectives

Administrative Objectives	Target	Description
LMI percentage	75%	Percentage of projects principally benefiting low- and moderate-income (LMI) persons.
Funds leveraged	1:2	Ratio of CDBG to other funds leveraged.
Timely use of funds	95%	Percent of HUD award obligated within 12 months.
Project completion	50%	Percent of projects completed on time, within scope.